

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Notice of Market-Dominant
Price Adjustment

Docket No. R2020-1

ORDER ON PRICE ADJUSTMENTS FOR USPS MARKETING MAIL, PERIODICALS,
PACKAGE SERVICES, AND SPECIAL SERVICES PRODUCTS AND RELATED MAIL
CLASSIFICATION CHANGES



Washington, DC 20268-0001
November 22, 2019

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Attachment—Mail Classification Schedule

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PACKAGE SERVICES, AND SPECIAL SERVICES PRODUCTS AND RELATED MAIL
CLASSIFICATION CHANGES

(Issued November 22, 2019)

I. INTRODUCTION AND OVERVIEW

On October 9, 2019, the Postal Service filed notice of its planned price adjustments and related mail classification changes for market dominant products.¹ This Order summarizes and analyzes the issues presented and comments received in Docket No. R2020-1 related to USPS Marketing Mail, Periodicals, Package Services, and Special Services. The Commission reserved final disposition of issues and comments relating to the planned price adjustments and mail classifications changes for

¹ United States Postal Service Notice of Market-Dominant Price Change, October 9, 2019 (Notice).

First-Class Mail pending the Postal Service's filing of a revised First-Class Mail pricing proposal and an additional opportunity for comment.²

The Commission applies the requirements of the Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006) (PAEA), the Administrative Procedure Act, Pub. L. 79-404, 60 Stat. 237 (1946) (APA), and the Commission's regulations to determine whether the USPS Marketing Mail, Periodicals, Package Services, and Special Services proposals are consistent with applicable law.³ The Commission concludes that the planned price adjustments do not violate the price cap limitations specified by 39 U.S.C. § 3622(d) and are consistent with, or justified by an exception to, the workshare discount limitations appearing in 39 U.S.C. § 3622(e). The planned price adjustments are consistent with the pricing requirements appearing in 39 U.S.C. § 3626 and do not implicate the pricing requirements appearing in 39 U.S.C. §§ 3627 and 3629. The planned price adjustments are consistent with the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c). The Commission also concludes that the planned classification changes, with the revisions set forth in the body of this Order, are consistent with applicable law and regulations. All changes to the Mail Classification Schedule (MCS) appear in the Attachment following the signature line of this Order.

Table I-1 shows the percentage increases and total unused price authority for each class as calculated by the Commission.

² See Order Remanding Price Adjustments for First-Class Mail, November 13, 2019, at 2, 7, 25-26 (Order No. 5302).

³ See *Carlson v. Postal Reg. Comm'n*, 938 F.3d 337, 345 (D.C. Cir. 2019).

Table I-1
Percentage Increases and Total Unused Price Authority (By Class)

Class of Mail	Price Changes %	Total Unused Price Authority %
USPS Marketing Mail	1.860	0.049
Periodicals	1.900	0.000
Package Services	1.892	0.008
Special Services	1.904	0.007
Source: Library References PRC-LR-R2020-1/2 through PRC-LR-R2020-1/5, November 22, 2019.		

In section II of this Order, the Commission summarizes the procedural history. In sections III through VI of this Order, the Commission discusses the proposed price adjustments for USPS Marketing Mail, Periodicals, Package Services, and Special Services, respectively. Workshare discounts, mail classification changes, statutory preferential rates, and nonprofit discounts are also discussed where applicable to a particular class. In section VII of this Order, the Commission discusses the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), as applied to the proposed price adjustments for USPS Marketing Mail, Periodicals, Package Services, and Special Services.

II. PROCEDURAL HISTORY

A. Notice and Initial Commission Action

Below, the Commission summarizes the procedural history relevant to the planned USPS Marketing Mail, Periodicals, Package Services, and Special Services price adjustments and classification changes.

On October 9, 2019, the Postal Service filed its Notice with the Commission pursuant to 39 U.S.C. § 3622 and 39 C.F.R. part 3010. In its Notice, the Postal Service announced its intention to adjust the prices for market dominant products on January 26, 2020, at 12:01 a.m. by amounts that are within the available price adjustment authority for each class of mail. Notice at 1.

The Notice includes four attachments, which present the planned price and related product description changes to the MCS, workshare discount calculations, price cap calculations, and the promotions schedule, respectively. Notice, Attachments A-D. The Postal Service filed four public library references in support of its Notice relating to USPS Marketing Mail, Periodicals, Package Services, and Special Services:

- | | |
|---|-----------------------------------|
| • Library Reference USPS-LR-R2020-1/2,
October 9, 2019 | USPS Marketing Mail
Workpapers |
| • Library Reference USPS-LR-R2020-1/3,
October 9, 2019 | Periodicals Workpapers |
| • Library Reference USPS-LR-R2020-1/4,
October 9, 2019 | Package Services Workpapers |
| • Library Reference USPS-LR-R2020-1/5,
October 9, 2019 | Special Services Workpapers |

On October 10, 2019, the Commission issued Order No. 5273, which provided public notification of the Notice; established Docket No. R2020-1 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements; appointed a Public Representative; and provided an opportunity for interested persons to comment.⁴

⁴ Notice and Order on Price Adjustments and Classification Changes for Market Dominant Products, October 10, 2019 (Order No. 5273).

B. Additional Information Regarding the Notice

In response to questions presented in Chairman's Information Requests (CHIRs), the Postal Service provided additional information relating to the planned USPS Marketing Mail, Periodicals, Package Services, and Special Services price adjustments and classification changes. The following summary, organized by class, highlights the Postal Service's filing of corrections to the MCS language, prices, and workpapers responsive to issues identified in the CHIRs.

Five questions were posed to the Postal Service relating to USPS Marketing Mail.⁵ The Postal Service filed responses to each of these questions, which provided additional information regarding the planned price adjustments and classification changes.⁶ On October 23, 2019, the Postal Service filed corrections to the MCS language for the calendar year (CY) 2020 Earned Value Reply Mail promotion in response to issues identified in CHIR No. 3. Response to CHIR No. 3, question 1.d. On October 30, 2019, the Postal Service filed corrected workpapers for USPS

⁵ Chairman's Information Request No. 3, October 16, 2019 (CHIR No. 3); Chairman's Information Request No. 4, October 17, 2019, question 1 (CHIR No. 4); Chairman's Information Request No. 5, October 18, 2019, question 1 (CHIR No. 5); Chairman's Information Request No. 8, October 24, 2019, questions 1, 2 (CHIR No. 8).

⁶ Response of the United States Postal Service to Chairman's Information Request No. 3, October 23, 2019 (Response to CHIR No. 3); Response of the United States Postal Service to Chairman's Information Request No. 4, October 23, 2019, question 1 (Response to CHIR No. 4); Response of the United States Postal Service to Chairman's Information Request No. 5, October 24, 2019, question 1 (Response to CHIR No. 5); Response of the United States Postal Service to Chairman's Information Request No. 8, October 30, 2019, questions 1, 2 (Response to CHIR No. 8). The Commission accepts the late filing of the Response to CHIR No. 8. While no formal motion to extend the response deadline for CHIR No. 8 nor a motion for late acceptance was submitted, the Commission acknowledges the unforeseen data issues referenced by the Postal Service, that no person has objected to the late filing, and that no person appears to be prejudiced by the late filing. See Response to CHIR No. 8.

Marketing Mail in response to issues relating to the CY 2020 promotions referenced in CHIR No. 8.⁷

One question was posed to the Postal Service relating to Periodicals.⁸ On October 17, 2019, the Postal Service filed its response to this question, which corrected the container price applicable to Outside County Periodicals in a Tray or Sack Container that are presorted to 3-Digit/sectional center facility (SCF) and entered at origin.⁹

Four questions were posed to the Postal Service relating to Package Services.¹⁰ The Postal Service filed responses to each of these questions, which provided additional information regarding the planned price adjustments and classification changes.¹¹

Sixteen questions were posed to the Postal Service relating to Special Services.¹² The Postal Service filed responses to each of these questions, which

⁷ USPS Notice of Filing Revised Library References, October 30, 2019.

⁸ Chairman's Information Request No. 2, October 15, 2019 (CHIR No. 2).

⁹ Response of the United States Postal Service to Chairman's Information Request No. 2, October 17, 2019 (Response to CHIR No. 2).

¹⁰ CHIR No. 5, questions 2, 3; Chairman's Information Request No. 7, October 22, 2019, question 1 (CHIR No. 7); Chairman's Information Request No. 9, October 29, 2019 (CHIR No. 9).

¹¹ Response to CHIR No. 5, questions 2, 3; Responses of the United States Postal Service to Chairman's Information Request No. 7, October 25, 2019, question 1 (Responses to CHIR No. 7); Response of the United States Postal Service to Chairman's Information Request No. 9, November 1, 2019 (Response to CHIR No. 9).

¹² Chairman's Information Request No. 6, October 21, 2019, questions 2-17 (CHIR No. 6).

provided additional information regarding the planned price adjustments.¹³ On October 31, 2019, the Postal Service filed corrected workpapers for Special Services in response to issues referenced in CHIR No. 6.¹⁴

C. Comments

The Commission received comments on the planned USPS Marketing Mail, Periodicals, Package Services, and Special Services price adjustments from the following participants: American Catalog Mailers Association (ACMA), Jerry Mack, MPA - The Association of Magazine Media (MPA), National Association of Presort Mailers (NAPM), Association for Postal Commerce (PostCom), and the Public Representative.¹⁵

¹³ Responses of the United States Postal Service to Chairman's Information Request No. 6, Questions 1-4 and 12-17, October 25, 2019, questions 2-4, 12-17 (October 25 Responses to CHIR No. 6); Responses of the United States Postal Service to Chairman's Information Request No. 6, Questions 5 to 8, and 11, October 30, 2019, questions 5-8, 11 (October 30 Responses to CHIR No. 6); Responses of the United States Postal Service to Chairman's Information Request No. 6, Questions 9-10, October 31, 2019, questions 9-10 (October 31 Responses to CHIR No. 6). The Commission accepts the late filing of the October 30 Responses to CHIR No. 6 and October 31 Responses to CHIR No. 6. While no formal motion to extend the response deadline for CHIR No. 6 nor a motion for late acceptance was submitted, the Commission acknowledges the unforeseen data issues referenced by the Postal Service, that no person has objected to the late filing, and that no person appears to be prejudiced by the late filing. See October 30 Responses to CHIR No. 6; October 31 Responses to CHIR No. 6.

¹⁴ USPS Notice of Filing Revised Library Reference, October 31, 2019.

¹⁵ Comments of the American Catalog Mailers Association (ACMA), October 28, 2019 (ACMA Comments); Letter from Jerry Mack, October 10, 2019 (Mack Comments); Comments of MPA - The Association of Magazine Media, October 29, 2019 (MPA Comments); Comments of the National Association of Presort Mailers, October 29, 2019 (NAPM Comments); Comments of the Association for Postal Commerce, October 29, 2019 (PostCom Comments); Public Representative Notice of Errata, October 29, 2019, Public Representative Comments (PR Comments) (bearing the Filing ID number 110851 and replacing a version filed earlier that day). The Commission granted the unopposed request of the Public Representative to withdraw a version of her remarks bearing the Filing ID number 110839, which was filed in error. Order No. 5302, Appendix A at 2, n.1.

This Order summarizes and analyzes these comments where relevant to the issues presented.¹⁶

III. USPS MARKETING MAIL

A. Introduction

This section discusses the price adjustment authority, workshare discounts exceeding avoided costs, the planned CY 2020 promotions, statutory preferential rates, and nonprofit discounts applicable to USPS Marketing Mail. The section also reiterates the continuing requirement that the Postal Service provide the information required by the FY 2010 Annual Compliance Determination Report,¹⁷ and discusses breakpoint prices. All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), such as comments regarding planned workshare discounts set below their avoided costs and the planned above-average increases to Flats, Parcels, Detached Address Labels (DALs), and Detached Marketing Labels (DMLs) are addressed in section VII, *infra*.

¹⁶ One set of comments appear to include a discussion of the planned increase to rates of general applicability for competitive products, which the Postal Service refers to as Shipping Services. See Mack Comments at 1. This issue has been addressed in Docket No. CP2020-5. See Docket No. CP2020-5, Order Approving Price Adjustments for Competitive Products, November 15, 2019, at 6-7 (Order No. 5308).

All comments on the planned price adjustments and mail classifications changes for First-Class Mail will be discussed in a separate order after the Postal Service files its amended pricing proposal and an additional 7-days are allowed for comment on the Postal Service's amendments. See Order 5302 at 2, 7, 25-26.

¹⁷ Docket No. ACR2010, Annual Compliance Determination Report, March 29, 2011 (FY 2010 ACD).

B. Price Adjustment Authority

1. Introduction

The USPS Marketing Mail class consists of seven products: (1) Letters; (2) Flats; (3) Parcels; (4) High Density and Saturation Letters; (5) High Density and Saturation Flats/Parcels; (6) Carrier Route; and (7) Every Door Direct Mail - Retail. The planned price increase for USPS Marketing Mail is, on average, 1.860 percent, which results in 0.049 percent in unused price adjustment authority. Table III-1 shows the percentage price change for each USPS Marketing Mail product as calculated by the Commission.

Table III-1
USPS Marketing Mail Price Changes (By Product)

USPS Marketing Mail Product	Price Change %
Letters	1.920
Flats	3.893
Parcels	3.913
High Density and Saturation Letters	1.346
High Density and Saturation Flats/Parcels	0.862
Carrier Route	1.129
Every Door Direct Mail – Retail	2.139
Overall	1.860
Source: Library Reference PRC-LR-R2020-1/2, Excel file "PRC-CAPCALC-MM-R2020-1.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements and did not adjust the billing determinants. See Notice at 2-5, 22, 28.

3. Comments

The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. PR Comments at 2.

4. Commission Analysis

The Commission finds that the Postal Service's planned price adjustments for USPS Marketing Mail comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.860 percent is less than the total available authority of 1.909 percent.¹⁸ The new unused price adjustment authority for USPS Marketing generated from this docket is 0.040 percent; therefore, the total unused price adjustment authority available for USPS Marketing Mail is 0.049 percent.¹⁹

C. Workshare Discounts Exceeding Avoided Costs

1. Introduction

The Commission is required to ensure that workshare "discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity" unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2). Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3010.12(b)(6).

¹⁸ For USPS Marketing Mail, the current annual limitation is 1.900 percent. In addition to the annual limitation, USPS Marketing Mail has 0.009 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for USPS Marketing Mail is 1.909 percent.

¹⁹ See Library Reference PRC-LR-R2020-1/2; see also section I, Table I-1, *supra*.

Seven planned discounts within the USPS Marketing Mail class have passthroughs exceeding 100 percent. See Library Reference PRC-LR-R2020-1/2. These discounts are listed in Table III-2.

Table III-2
USPS Marketing Mail Passthroughs Exceeding 100 Percent

	Discount	Passthrough %
1	Commercial and Nonprofit Destination Network Distribution Center (DNDC) Letters	105.3
2	Commercial and Nonprofit Destination Sectional Center Facility (DSCF) Letters	113.0
3	Commercial and Nonprofit Mixed Network Distribution Center (NDC) Machinable Barcoded Parcels	119.5
4	Nonprofit Mixed NDC Irregular Barcoded Parcels	119.5
5	Nonprofit Mixed NDC Barcoded Marketing Parcels	119.5
6	Commercial and Nonprofit Carrier Route DNDC Letters	121.1
7	Commercial and Nonprofit Carrier Route DSCF Letters	126.1
Source: Library Reference PRC-LR-R2020-1/2, Excel file "PRC-CAPCALC-MM-R2020-1.xlsx."		

2. The Postal Service's Position

DNDC Letters and DSCF Dropship Letters. The Postal Service continues to justify the passthroughs for these planned discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). Notice at 25. The Postal Service proposes to lower these passthroughs by 10.5 and 8.7 percentage points, respectively. *Id.* The Postal Service notes that the Commission accepted this justification in the past, contingent upon the Postal Service's plan to reduce the passthroughs by at least 10 percentage points in each subsequent market dominant rate case. *Id.* The Postal Service proposes to deviate from the 10 percentage point reduction plan for DSCF Dropship Letters, as the passthrough for this discount is proposed to be reduced by only 8.7 percentage points

(to 113.0 percent). *Id.* The Postal Service attributes this deviation to a one-tenth-of-one-cent rounding constraint, which obligated the Postal Service to elect between a reduction in the passthrough of either 8.7 percentage points or 13 percentage points, but not exactly 10 percentage points. *Id.* The Postal Service asserts that it opted for the more cautious 8.7 percentage point reduction. *Id.* at 25–26. In support of its proposal, the Postal Service notes that mailpieces that qualify for this discount comprise the majority of volume for USPS Marketing Mail Letters. *Id.* The Postal Service maintains that it has consistently reduced this passthrough by more than 10 percentage points in past price adjustments.²⁰ The Postal Service states that it will endeavor to comply with its passthrough reduction plan in future price cases. Notice at 26.

Nonprofit Mixed NDC Machinable Barcoded Parcels, Nonprofit Mixed NDC Irregular Barcoded Parcels, and Mixed NDC Barcoded Marketing Parcels. The Postal Service justifies the passthroughs for these planned discounts pursuant to 39 U.S.C. § 3622(e)(2)(D) (operational efficiency). *Id.* at 27. The Postal Service explains that the incentive for mailers to pre-barcode their parcels increases operational efficiency. *Id.* The Postal Service reports that it plans to lower these passthroughs by 12.2 percentage points, from 131.7 percent to 119.5 percent. *Id.* The Postal Service observes that the Commission has accepted this justification in the past, contingent upon the Postal Service’s plan to reduce the passthroughs by at least 10 percentage points in each subsequent market dominant rate case. *Id.* The Postal Service states that it “will

²⁰ See *id.*; see also Docket No. R2019-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 13, 2018, at 33 (Order No. 4875); Docket No. R2018-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 9, 2017, at 39-40 (Order No. 4215); Docket No. RM2017-1, Order on Price Adjustments for First-Class Mail, Standard Mail, Periodicals, and Package Services Products and Related Mail Classification Changes, November 15, 2016, at 34 (Order No. 3610).

endeavor to reduce these passthroughs by at least 10 percentage points in future price cases.” *Id.*

Carrier Route DNDC Letters and Carrier Route DSCF Letters. The Postal Service justifies the passthroughs for these planned discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). *Id.* The Postal Service proposes to decrease the Carrier Route DNDC Letters passthrough by 10.5 percentage points to 121.1 percent and the Carrier Route DSCF Letters passthrough by 13.0 percentage points to 126.1 percent. *See id.* at 28. The Postal Service notes that the Commission has accepted this justification in the past, contingent upon the Postal Service’s plan to reduce the passthroughs by at least 10 percentage points in each subsequent market dominant rate case. *Id.* at 27. The Postal Service states that it “will endeavor to reduce these passthroughs by at least 10 percentage points in future price cases.” *Id.* at 28.

3. Comments

The Public Representative commends the Postal Service’s proposal to continue reducing passthroughs by more than 10 percentage points for Mixed NDC Machinable Barcoded Parcels, Mixed NDC Irregular Barcoded Parcels, and Mixed NDC Barcoded Marketing Parcels. PR Comments at 5.

The Public Representative asserts that the rate shock exception, offered for DSCF Dropship Letters, is “improperly justified” because “[t]he Postal Service provides no evidence as to the harm that a larger reduction in the discount would cause.” *Id.* at 6. By contrast, NAPM and PostCom express concern that the planned reduction of the workshare discounts for DNDC and DSCF Letters is likely to result in mailers inducting more mailpieces further upstream, which will reduce the Postal Service’s efficiency and degrade customer service. *See* NAPM Comments at 12-13; PostCom Comments at 7. NAPM urges the Commission not to require further reduction in these workshare discounts. NAPM Comments at 13. PostCom argues that the operational

efficiency exception should be applied to prevent further reduction of these workshare discounts, because the Postal Service's processing and transportation costs are increasing and there has been an "overall [reduction in] efficiency."²¹

4. Commission Analysis

The Commission approves all proposed workshare discounts as consistent with 39 U.S.C. § 3622(e) or adequately justified pursuant to an exception identified in § 3622(e)(2). In all but one instance, the Postal Service has adhered to its plan to align the discounts with avoided costs or reduce the excessive passthroughs by at least 10 percentage points. The exception is DSCF Dropship Letters, for which the Postal Service proposes to decrease the passthrough less than planned. The Commission observes that since the Commission first directed the Postal Service to reduce this passthrough in the FY 2016 ACD (when the passthrough was 200.0 percent),²² the Postal Service has consistently reduced this passthrough by at least 10 percentage points in every price adjustment.²³ Given the Postal Service's demonstrated commitment to phasing out the excessive portion of this discount over time, the Commission accepts the workshare discount as proposed in this instance; however, the Postal Service must decrease the passthrough for DSCF Dropship Letters by at least 10 percentage points in the next market dominant price adjustment.

²¹ PostCom Comments at 6-7 (citing 39 C.F.R. § 3622(e)(2)(D)).

²² Docket No. ACR2016, Annual Compliance Determination Report, March 28, 2017, at 27 (FY 2016 ACD).

²³ See Order No. 4875 at 33; Order No. 4215 at 39-40; Order No. 3610 at 34.

The most recently identified avoided cost corresponding to this workshare discount is \$0.023. Docket No. ACR2018, Annual Compliance Determination Report, April 12, 2019, at 23 (FY 2018 ACD). Using avoided cost from the FY 2018 ACD of \$0.023 and the planned R2020-1 discount of \$0.026 would result in a passthrough of 113 percent. This passthrough is more than 10 percentage points below the 134.8 percent passthrough reported in the FY 2018 ACD. See *id.*

The Commission recommends that the Postal Service continue its plan to reduce all passthroughs that are greater than 100 percent by at least 10 percentage points in its next general market dominant price adjustment. The Commission notes commenters' general concerns regarding costs and efficiency. However, the Commission does not find such concerns sufficient to justify the operational efficiency exception under 39 U.S.C. § 3622(e)(2)(D) because commenters have not identified any specific cost or operation which would improve the Postal Service's operational efficiency that is not already accounted for in the Postal Service's cost avoidance models. The Commission encourages any interested parties to suggest improvements to the Postal Service's cost avoidance models to ensure that they appropriately account for operational realities and the costs avoided by the Postal Service when mailers perform worksharing activities.

D. CY 2020 Promotions

1. Introduction

The Postal Service plans to continue offering five promotions applicable to eligible USPS Marketing Mail products during CY 2020: (1) Emerging and Advanced Technology Promotion; (2) Earned Value Reply Mail Promotion; (3) Informed Delivery Promotion; (4) Tactile, Sensory, and Interactive Mailpiece Engagement Promotion; (5) and Mobile Shopping Promotion. Notice at 28-30.

2. Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (Feb. 1 – Jul. 31, 2020)

The Postal Service plans to offer an upfront 2 percent postage discount on regular and nonprofit USPS Marketing Mail letters and flats that meet the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion requirements. *Id.* at 29. The Postal Service states that the CY 2020 promotion encourages mailers to enhance customer engagement with mailpieces by using print innovations in paper and stock, substrates, inks, and finishing techniques. *Id.*

3. Emerging and Advanced Technology Promotion
(Mar. 1 – Aug. 31, 2020)

The Postal Service plans to offer an upfront 2 percent postage discount on USPS Marketing Mail letters and flats that meet the Emerging and Advanced Technology Promotion requirements. *Id.* To qualify for the CY 2020 promotion, eligible mailpieces must include affixed or embedded technology that allows the recipient to engage in a technological experience, or have been automatically generated by the recipient's applicable online activities. *See id.* at 20, 29.

4. Earned Value Reply Mail Promotion (Apr. 1 – Jun. 30, 2020)

The Postal Service plans to offer the Earned Value Reply Mail Promotion for 3 months in CY 2020. *Id.* at 30. The Postal Service plans to offer a \$0.02 postage credit for each Business Reply Mail (BRM), Courtesy Reply Mail (CRM), and Share Mail piece entered into the mailstream.²⁴ The promotion is available to repeat participants (those who registered for this promotion in CY 2019) who meet or exceed 93 percent of their comparable volume from April 1, 2019 through June 30, 2019, as well as new participants (those who were not registered for the promotion in CY 2019) without any volume threshold.²⁵ The Postal Service also plans to offer an additional \$0.02 credit (for a total of \$0.04) for repeat participants who exceed 100 percent of their

²⁴ *See id.* at 20-21, 30; *see also* Response to CHIR No. 3, question 1.d.

²⁵ *See* Notice at 20-21, 30; *see also* Response to CHIR No. 3, question 1.d.

comparable volume from April 1, 2019 through June 30, 2019.²⁶ The Postal Service explains that credits may be applied to postage for future mailings of USPS Marketing Mail letters and flats. See Notice at 20-21, 30. Unused credits will expire December 31, 2020. Notice, Attachment D at 6.

The Postal Service considers the credits for the Earned Value Reply Mail Promotion to be rates of general applicability consistent with 39 C.F.R. § 3010.1(g). Response to CHIR No. 3, questions 1.a.–1.c. To support its position, the Postal Service references the Commission’s decision in Docket No. R2019-1, in which the Commission included in its percentage change in rates calculation a different iteration of the Earned Value Reply Mail Promotion. *Id.* In that iteration, a \$0.03 credit was offered to new mailers without any volume threshold, and to repeat participants who met or exceeded 95 percent of their volume from the prior year.²⁷ The Postal Service argues that “[t]o the extent the Commission views [any] earlier statements [concerning what constitutes a rate of general applicability] as conflicting with its Docket No. R2019-1 precedent, the Commission’s most recent precedent must control.” Response to CHIR No. 3, questions 1.a.-1.c. The Postal Service further asserts that “[g]iven its financial condition, [it] generally cannot afford to provide promotional discounts that do not generate cap space, and would need to forgo the most efficient design promotions if the Commission interprets the rate of general applicability rules too restrictively.” *Id.*

²⁶ In its Notice, the Postal Service explains that under the terms of this promotion “mailers must *meet or exceed* 93 percent of their comparable volume last year to receive a two-cent credit . . . or 100 percent of their comparable volume last year to receive a four-cent postage credit” Notice at 20 (emphasis added). However, in the MCS language initially proposed by the Postal Service, it was not clear whether the 4 cent credit would be available to a repeat participant who met but did not exceed 100 percent of their comparable volume last year. See Notice, Attachment A at 8, 15, 21, 28, 34-35, 38-39, 47-48. In response to a CHIR, the Postal Service provided revised MCS language, but did not specifically address this issue. See Response to CHIR No. 3, question 1.d. The Commission construes this an affirmation of the MCS language initially drafted—that eligible mailers must not only meet but *exceed* 100 percent of their prior year volume in order to be eligible for the additional credit.

²⁷ See *id.*; see also Order No. 4875 at 8, 10.

5. Mobile Shopping Promotion (Aug. 1 – Dec. 31, 2020)

The Postal Service plans to offer an upfront 2 percent postage discount on regular and nonprofit USPS Marketing Mail letters and flats that meet the Mobile Shopping Promotion requirements. Notice at 29. The Postal Service asserts that the CY 2020 promotion encourages mailers to integrate mobile technology with direct mail to facilitate their customers' online shopping experience. *Id.*

6. Informed Delivery Promotion (Sep. 1 – Nov. 30, 2020)

The Postal Service plans to offer an upfront 2 percent discount off postage for USPS Marketing Mail letters and flats that incorporate Informed Delivery advertising campaigns. *Id.* at 29-30. The Postal Service intends for this promotion to help mailers improve the results of their Informed Delivery campaigns. Notice, Attachment D at 9. The Postal Service uses data from mailpieces qualifying for the promotion from September 1, 2019 through October 11, 2019, in order to incorporate the Informed Delivery Promotion into the price adjustment calculations. Response to CHIR No. 8, question 2. This data was used to extrapolate the 3-month promotional period. *Id.*

7. Comments

The Public Representative argues that part of the Earned Value Reply Mail Promotion does not constitute a rate of general applicability and should be excluded from the percentage change in rates calculation. PR Comments at 4. She maintains that there are fundamental differences between the CY 2019 iteration of the Earned Value Reply Mail Promotion, which was approved in Docket No. R2019-1, and the CY 2020 iteration proposed in this docket. *Id.* at 3. Specifically, she states that:

The CY 2019 promotion separated participants into two groups—new customers and return customers—each with ostensibly different credit structures, but both types of customers could qualify for a 3-cent per-piece credit for all BRM, CRM, and Share Mail volume during the promotion period. . . . By contrast, the CY 2020 promotion includes a 2-cent per piece credit that is only available to some mailers. Other mailers are unable to qualify for the credit regardless of any actions they may take. While both new and return customers can earn a 2-cent per piece credit on eligible volume, only return customers can earn an additional 2-cent per piece credit for meeting the 100 percent threshold.

Id. at 3-4 (citation omitted). She argues that “[o]nly the credits available to both new and returning customers should be included in the price cap calculation because rates (including credits) that are not available to all mailers are rates not of general applicability.” *Id.* at 4. As a result, she asserts that “the additional 2-cent per piece credit available to returning customers should be omitted from the price change calculation.” *Id.*

Comments that specifically focus on the CY 2020 promotions planned for First-Class Mail are reserved for the Commission’s review of the Postal Service’s revised First-Class Mail pricing proposal.²⁸

8. Commission Analysis

The Commission approves all CY 2020 promotions as proposed. However, the Commission will initiate a rulemaking to clarify the definition of “rate of general applicability” in light of the treatment of the CY 2020 Earned Value Reply Mail Promotion in the percentage change in rates calculation.

As required by 39 C.F.R. § 3010.23(e), the Commission reviews all promotions pursuant to the definition of “rates of general applicability” in § 3010.1(g). When the

²⁸ See, e.g., PostCom Comments at 4-5 (discussing the iteration of the CY 2020 Earned Value Reply Mail Promotion proposed for First-Class Mail); Comments of the National Postal Policy Council, October 29, 2019, at 2 (supporting the Postal Service’s decision to continue promotional pricing in CY 2020 with respect to First-Class Mail).

Commission developed its rules for inclusion of rate incentives in the percentage changes in rates calculation, it stated that “[t]he volume of mail sent by a mailer under an incentive program is a characteristic of the mail to which the rates under the incentive program apply”—meaning that some volume incentives can be considered rates of general applicability.²⁹ However, the Commission also specifically stated that the volume sent by a mailer in a previous year is not a characteristic of the mail to which rates under an incentive program apply—in other words, that an incentive based on a prior year’s volume does not constitute a rate of general applicability. *Id.* at 15-16. Since the Commission originally approved the Earned Value Reply Mail Promotion, the terms of the promotion have evolved to the point that the Commission finds it must ensure that the rate incentive rules properly account for this type of promotion.

Since FY 2014, when the Commission issued its rules on the treatment of rate incentives, there have been four iterations of the Earned Value Reply Mail Promotion. The iteration proposed in this docket constitutes the fifth. In Docket No. R2015-4, the Commission approved an iteration of the promotion that featured a 2 cent credit for *any mailer*.³⁰ This iteration also featured an additional 1 cent “bonus” credit (for a total of 3 cents) for repeat participants who exceeded their volume from the prior year. Order No. 2365 at 10; Order No. 2461 at 3. The 1 cent “bonus” credit was treated as a rate

²⁹ Docket No. RM2014-3, Order Adopting Final Rules on the Treatment of Rate Incentives and De Minimis Rate Increases for Price Cap Purposes, June 3, 2014, at 15 (Order No. 2086).

³⁰ Docket No. R2015-4, Order on Price Adjustments for First-Class Mail Products and Related Mail Classification Changes, February 24, 2015, at 10 (Order No. 2365); Docket No. R2015-4, Order on First-Class Mail Promotions and Related Mail Classification Schedule Changes, April 30, 2015, at 3 (Order No. 2461).

not of general applicability in the percentage change in rates calculation.³¹ This was consistent with the Commission's historical treatment of such discounts.³²

In Docket No. R2016-2, the Commission approved for inclusion in the percentage change in rates calculation an iteration of the promotion that was identical to the iteration approved in Docket No. R2015-4.³³

In Docket No. R2016-5, the Commission approved for inclusion in the percentage change in rates calculation an iteration of the promotion that featured a 5 cent credit for *any mailer*.³⁴

In Docket No. R2019-1, the Postal Service proposed an iteration of the promotion that was structured similarly to earlier versions but contained, in retrospect, a significant difference. First, a 3 cent credit was made available, without any volume threshold, to new participants in the promotion. Order No. 4875 at 8. Second, repeat participants could only remain eligible for the 3 cent credit as long as they met or exceeded 95 percent of their volume from the prior year. *Id.* The difference between this and earlier iterations of the promotion resulted in a group of mailers—repeat participants who failed to meet their volume threshold—who could not qualify for the promotion. This stands in contrast to earlier iterations of the promotion, in which the portions approved for inclusion in the percentage change in rate calculations were available to *any mailer*.

³¹ The Postal Service and the Commission only accounted for the 2 cent credit in the percentage change in rates calculation. See Docket No. R2015-4, Library Reference PRC-LR-R2015-4/9 - Compliance Calculations for Standard Mail, May 7, 2015, Excel file "PRC-CAPCALC-STD-R2015-4.xlsx," tab "Promotions;" Library Reference USPS-LR-R2015-4/2 - Standard Mail Workpapers, January 15, 2015, Excel file "Promotions Data.xlsx," tab "Earned Value Summary."

³² See, e.g., Docket No. R2013-10, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, November 21, 2013, at 61 (Order No. 1890).

³³ Docket No. R2016-2, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, December 10, 2015, at 4-5 (Order No. 2861).

³⁴ Docket No. R2016-5, Order on Price Adjustments for Market Dominant Products, June 16, 2016, at 5 (Order No. 3373).

Nevertheless, the Commission approved the Earned Value Reply Mail Promotion for inclusion in the percentage change in rates calculation in Docket No. R2019-1. *Id.* at 10.

Now, the Postal Service is proposing an iteration of the promotion that is even more problematic. Similar to the Docket No. R2019-1 iteration, it features a 2 cent credit to be made available to new participants, without a volume threshold, as well as to repeat participants who meet or exceed 93 percent of their volume from the prior year. Notice at 20, 30, Appendix D at 5. In addition, it features an additional 2 cent “bonus” credit (for a total of 4 cents) for repeat participants who exceed 100 percent of their volume from the prior year. *Id.* The Postal Service seeks inclusion of the entirety of this promotion in its percentage change in rates calculation. *Id.* The structure of the CY 2020 Earned Value Reply Mail Promotion creates an additional group of mailers who cannot qualify for the promotion beyond the group created in the CY 2019 iteration. In addition to repeat participants who fail to meet or exceed their prior year volume being unable to access the 2 cent base tier of the promotion, neither new participants nor repeat participants who fail to exceed 100 percent of their volume from the prior year are able to access the 2 cent “bonus” credit.

The Postal Service’s primary support for its conclusion that the credits are rates of general applicability is the fact that the Commission did not determine similar rates to be rates not of general applicability in Docket No. R2019-1. Response to CHIR No. 3, question 1. In Docket No. R2019-1, the issue of whether the Earned Value Reply Mail Promotion Credits constituted rates of general applicability was not raised. In addition, in neither Docket No. R2019-1 nor Docket No. R2020-1 did the Postal Service provide “sufficient information to demonstrate that the rate incentive is a rate of general applicability,” as required by 39 C.F.R. § 3010.12(b)(9)(i).

The Public Representative contends that only the additional 2 cent “bonus” credit for repeat participants that exceed 100 percent of their previous years’ volume

constitutes a rate not of general applicability, whereas the initial 2 cent credit is a rate of general applicability. PR Comments at 4. The Commission appreciates this analysis.

The Commission finds that an ambiguity in the Commission's rules may exist regarding the definition of rates of general applicability. The ambiguity is narrow, and concerns specific rate incentives where eligibility is dependent on mailer-specific volume thresholds established using prior year volumes. When the Commission established its rate incentive rules in Order No. 2086, it clearly stated that requiring a particular quantity of mail to have been sent in a previous year in order to qualify for a rate incentive in the current year would be considered a rate *not* of general applicability. Order No. 2086 at 16. In that situation, it would be impossible for an ineligible participant to, essentially, go back in time in order to increase a previous year's volume to become eligible for the incentive. *Id.* In Order No. 2086, the Commission also discussed several past incentive programs for which eligibility was based on the volume (or number of mailings) sent by the mailer in the prior year, and stated that those instances would not constitute rates of general applicability. *Id.* at 20-22, 25. However, in light of the Postal Service's Response to CHIR No. 3 and the Public Representative's comments, it appears that there may be a question as to how mailer-specific volume thresholds (as opposed to static volume thresholds) affect the determination of whether an incentive constitutes a rate of general applicability.

Given the ambiguity surrounding this issue, the Commission will permit the Earned Value Reply Mail Promotion to be included in the percentage change in rates calculation for purposes of this docket as the Postal Service proposes.³⁵ However, the Commission will initiate a rulemaking to examine this issue further, where it will consider

³⁵ See Library Reference PRC-LR-R2020-1/2. The Commission notes that even if it were to opt to exclude the Earned Value Reply Mail Promotion from the USPS Marketing Mail percentage change in rates calculation consistent with 39 C.F.R. § 3010.23(e), it would have no impact on overall percentage changes in rates for USPS Marketing Mail.

public comment and propose any necessary revisions to its rules for future price adjustments.

The Commission accepts the proposed changes to the MCS language for the CY 2020 Earned Value Reply Mail Promotion, as revised by the Postal Service. See Response to CHIR No. 3, question 1.d. The Commission also accepts the revisions to workpapers for the Earned Value Reply Mail Promotion and the Informed Delivery Promotion, which address the technical concerns identified in CHIR No. 8. See Response to CHIR No. 8, questions 1, 2.

E. Statutory Preferential Rates

Nonprofit rates are required to yield per-piece revenues that equal, as nearly as practicable, 60 percent of commercial per-piece revenues. 39 U.S.C. § 3626(a)(6)(A). No commenter challenges the Postal Service's compliance with this requirement. For the planned prices in this proceeding, the percentage ratio of the nonprofit average revenue per-piece to the commercial average revenue per-piece is 59.98 percent.³⁶ The Commission finds that the revenue per-piece percentage ratio proposed by the Postal Service fulfills the requirement of 39 U.S.C. § 3626(a)(6)(A).

F. Nonprofit Discounts

The Postal Service is required to either equalize or adequately justify all unequal nonprofit and commercial discounts.³⁷ No commenter challenges the Postal Service's compliance with this requirement. The Commission finds that the Postal Service's planned nonprofit discounts comply with this requirement.

³⁶ Library Reference PRC-LR-R2020-1/2, Excel file "PRC-CAPCALC-MM-R2020-1.xlsx."

³⁷ See 39 U.S.C. § 3622(e)(2); *Nat'l Easter Seal Soc. for Crippled Children & Adults v. U.S. Postal Serv.*, 656 F.2d 754 (D.C. Cir. 1981).

G. Compliance with FY 2010 ACD Directives

1. Introduction

In this price adjustment, the Postal Service has proposed price increases for both Flats and Parcels that are at least 2 percentage points above the USPS Marketing Mail class average increase, consistent with the Commission's FY 2018 ACD directive for Flats and Parcels. FY 2018 ACD at 70-72, 78. In addition, the FY 2018 directive for USPS Marketing Mail Flats required that "the Postal Service must continue responding to the requirements of the FY 2010 ACD directive" *Id.* at 72. CHIR No. 4 was issued to obtain the information required by the FY 2010 ACD directive.³⁸

2. The Postal Service's Position

In response to the first requirement of the FY 2010 ACD directive—a price increase schedule for Flats—the Postal Service states that it "is not in a position to commit to a specific schedule of future increases" because "the Postal Service will first have to evaluate the impact of the substantial Flats increase planned in this docket, particularly its effects on Flats-only customers, before determining whether to change course from the previous 1.05 times CPI plan." Response to CHIR No. 4, question 1.a. In response to the second requirement of the FY 2010 ACD directive—an explanation of how the proposed prices in this docket will move Flats' cost coverage toward 100 percent—the Postal Service states that "[t]he 2 percentage point requirement for this year's price increase for Flats was imposed by the Commission," so "[t]he Postal Service assumes that the Commission determined that the increase will move Flats cost coverage toward 100 percent." *Id.*, question 1.b. In response to the third requirement of the FY 2010 ACD directive—a statement estimating the effect that the prices proposed in this docket will have on reducing the Flats subsidy—the Postal Service

³⁸ CHIR No. 4, question 1 (citing FY 2010 ACD at 107).

states that “[g]iven that the planned price increase for Flats is materially larger than the planned price increase for the class as a whole, it should reduce the subsidy of the Flats product, relative to a smaller price increase.” *Id.*, question 1.c.

3. Comments

No commenter addresses the Postal Service’s provision of the information required by the FY 2010 ACD directives. Comments concerning the planned above-average increase to Flats are addressed in section VII, *infra*.

4. Commission Analysis

The Postal Service has complied with the Commission’s FY 2018 ACD directive by proposing to increase the price for USPS Marketing Mail Flats by at least 2 percentage points above the class average. In future notices of market dominant price adjustments, the Postal Service must continue to provide the information required by the Commission’s FY 2010 ACD directive.

H. Breakpoint Prices

1. Introduction

For some price categories, the Postal Service has not proposed smooth transitions between the prices for lightweight and heavyweight pieces, *i.e.*, breakpoint prices.³⁹ CHIR No. 5 noted that the breakpoint prices for many of the heavyweight USPS Marketing Mail pieces were less than their respective lightweight prices. CHIR

³⁹ All mailpieces less than or equal to 4 ounces pay a flat per-piece price, while all mailpieces over 4 ounces pay both a per-piece price and a per-pound price. Therefore, at exactly 4 ounces, the lightweight per-piece price and the heavyweight per-piece and per-pound combined price should be equal. A breakpoint price is a calculated price that ensures that there is a smooth transition between lightweight and heavyweight pieces within the USPS Marketing Mail price structure by comparing the price of a 4 ounce piece using the lightweight prices to a 4 ounce piece using the heavyweight prices.

No. 5, question 1.a.-b. CHIR No. 5 asked the Postal Service to revise the proposed prices so that the heavyweight prices would equal their respective lightweight prices at the breakpoint. *Id.*, question 1.c.

2. The Postal Service's Position

The Postal Service asserts that “[g]iven the complexity of the Marketing Mail rate design, pricing constraints and priorities make it impractical to equalize all breakpoint prices.” Response to CHIR No. 5, question 1.b. The Postal Service states that because it sets prices for Nonautomation Nonmachinable Letters that weigh over 4 ounces equal to Nonautomation Flats prices, and those two groups have different presort and dropship cost avoidances, it is “difficult to achieve continuity between rate structures.” *Id.* The Postal Service adds that within nonprofit prices, due to the necessity of maintaining consistent workshare discounts between nonprofit and commercial mail, some breakpoint prices differed by 0.1 cents. *Id.* The Postal Service asserts that “[g]iven that there is no law or regulation that compels eliminating these discrepancies in the instant docket, the Postal Service is not submitting a revised workpaper at this time.” *Id.*, question 1.c. The Postal Service states that it will “consider recommending that the Governors, in future filings, amend the MCS to move all Nonmachinable Letters into the Flats product and, to the extent practicable, establish smooth transitions at the Nonprofit breakpoints.” *Id.*

3. Comments

No commenter addresses the breakpoint prices.

4. Commission Analysis

In addition to ensuring that the Postal Service's proposed prices are consistent with the requirements of 39 U.S.C. § 3622, the Commission routinely reviews the Postal Service's proposed prices to ensure that they are set in a logical manner that follows

traditional rate-setting principles. As the Postal Service correctly points out, there is no legal requirement that the Postal Service follow such principles when setting prices; however, when the Commission has pointed out pricing issues in the past, the Postal Service has responded with revised prices to make its rate design more logical.⁴⁰ In the instant proceeding, dozens of USPS Marketing Mail heavyweight breakpoint prices are set at less than lightweight prices. See Response to CHIR No. 5, question 1. For the majority of misaligned breakpoint prices, the heavyweight pieces are proposed to be priced less than lightweight pieces. *Id.* In one of the more extreme examples, a 1-4 ounce commercial Nonmachinable 5-Digit Letter entered at the DSCF would pay 51.3 cents, while the same piece weighing 4.1 ounces would pay 45.1 cents,⁴¹ or 6.2 cents less. Pricing heavyweight pieces below lightweight pieces makes little sense, sends incorrect price signals, and is contrary to traditional rate-setting principles. The Commission is concerned by these examples of heavyweight pieces that are proposed to be priced below lightweight pieces. The Commission encourages the Postal Service to maintain a set of prices that provides for smooth transitions between lightweight and heavyweight pieces to ensure that prices are both logical and send correct price signals to mailers.

IV. PERIODICALS

A. Introduction

This section discusses the price adjustment authority, workshare discounts exceeding avoided costs, and statutory preferential rates applicable to Periodicals. No classification changes are proposed for Periodicals. All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), such as comments

⁴⁰ See, e.g., Docket No. R2017-1, Response of the United States Postal Service to Chairman's Information Request No. 8, November 4, 2016, question 1.c. (revising misaligned breakpoint prices).

⁴¹ The calculation of the price for a 4.1 ounce Nonmachinable Letter entered at the DSCF is as follows: per-piece price (26.7 cents) + [per pound price (71.9 cents) / 16 * 4.1].

regarding planned workshare discounts set below their avoided costs and the Postal Service's efforts to increase cost coverage are addressed in section VII, *infra*.

B. Price Adjustment Authority

1. Introduction

The Periodicals class consists of two products: (1) In-County;⁴² and (2) Outside County. The planned price increase for Periodicals is, on average, 1.900 percent, which leaves 0.000 percent in available unused price adjustment authority. Table IV-1 shows the percent price change for each Periodicals product as calculated by the Commission.

Table IV-1
Periodicals Price Changes (By Product)

Periodicals Product	Price Change %
Outside County	1.921
In-County	1.460
Overall	1.900
Source: Library Reference PRC-LR-R2020-1/3, Excel file "PRC-CAPCALC-PER-R2020-1.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements and did not adjust the billing determinants. See Notice at 2-5, 30-31.

⁴² Although the Notice refers to this product as "Within County," this product is named In-County Periodicals in the MCS. Postal Regulatory Commission, (draft) Mail Classification Schedule posted January 27, 2019, § 1300.2 (with revisions through September 30, 2019), available at: <http://www.prc.gov/mail-classification-schedule>.

3. Comments

The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. PR Comments at 2.

4. Commission Analysis

The Commission finds the Postal Service's planned price adjustments for Periodicals comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.900 percent is equal to the total price adjustment authority for Periodicals.⁴³ As a result, no new unused price adjustment authority is generated for Periodicals.⁴⁴

C. Workshare Discounts Exceeding Avoided Costs

1. Introduction

The Commission is required to ensure that workshare "discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity" unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2). Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3010.12(b)(6).

2. The Postal Service's Position

The Postal Service states that "[n]o Periodicals workshare discounts exceed avoided costs." Notice at 31. It explains that "the passthroughs for the one In-County and eight Outside County workshare discounts that exceeded avoided costs in the

⁴³ For Periodicals, the current annual limitation is 1.900 percent. No unused rate adjustment authority is available for Periodicals.

⁴⁴ See Library Reference PRC-LR-R2020-1/3; see also section I, Table I-1, *supra*.

FY 2018 ACD are now set equal to or below 100 percent, as part of an effort to price Periodicals as efficiently as practical.” *Id.*

3. Comments

No commenter addresses this standard.

4. Commission Analysis

The Commission approves all proposed workshare discounts as consistent with 39 U.S.C. § 3622(e).

D. Statutory Preferential Rates

1. Introduction

The Periodicals class is accorded several statutory pricing preferences. See 39 U.S.C. § 3626.

2. The Postal Service’s Position

In this docket, the Postal Service states that it has complied with these requirements in this rate case. Notice at 35.

In-County. 39 U.S.C. § 3626(a)(3) requires that the prices for In-County Periodicals reflect this product’s preferred status relative to the prices for regular rate (Outside County) Periodicals. The Postal Service asserts that the price adjustment in this case “continues to recognize the preferential status of [In-]County Periodicals by keeping its prices below those of regular Outside County Periodicals.” Notice at 35-36.

Outside County—Nonprofit and Classroom. 39 U.S.C. § 3626(a)(4)(A) requires that Nonprofit and Classroom Periodicals receive, as nearly as practicable, a 5 percent discount from regular rate postage, except for advertising pounds. The Postal Service

asserts that, consistent with past practice, it continues “this rate preference by giving Nonprofit and Classroom pieces a 5 percent discount on all components of postage, except for advertising pounds and ride-along postage.” Notice at 36.

Outside County—Science of Agriculture Periodicals. 39 U.S.C. § 3626(a)(5) requires that Science of Agriculture Periodicals be given preferential treatment for advertising pounds. The Postal Service states that it will continue to provide these publications with advertising pound prices for destination delivery unit (DDU), DSCF, destination area distribution center (DADC), and Zones 1 & 2 that are 75 percent of the advertising pound prices applicable to regular Outside County Periodicals. Notice at 36.

Limited circulation discount. 39 U.S.C. § 3626(g)(4)(C) provides preferential treatment for Outside County pieces of a Periodicals publication with fewer than 5,000 Outside County pieces and at least one In-County piece. The Postal Service states that it is continuing the “limited circulation” discount that provides these pieces with a discount equivalent to the Nonprofit and Classroom discount. Notice at 37.

3. Comments

No commenter addresses statutorily preferred rates.

4. Commission Analysis

The planned prices are consistent with statutory preferences for mail in the Periodicals class. Specifically:

- *In-County.* The average per-piece revenue for In-County is approximately 40 percent of the average per-piece revenue for Outside County Flats pieces. This satisfies 39 U.S.C. § 3626(a)(3).
- *Outside County—Nonprofit and Classroom.* Nonprofit and Classroom publications receive a 5 percent discount from regular Outside County

piece, bundle, sack, and pallet prices, and editorial pound prices, consistent with 39 U.S.C. § 3626(a)(4)(A).

- *Outside County—Science of Agriculture Periodicals.* Science of Agriculture advertising pound rates are 25 percent less than regular Periodicals, and consistent with 39 U.S.C. § 3626(a)(5).
- *Limited circulation discount.* The planned limited circulation discount for qualifying Outside County pieces is 5 percent, consistent with 39 U.S.C. § 3626(g)(4).

V. PACKAGE SERVICES

A. Introduction

This section discusses the price adjustment authority, workshare discounts exceeding avoided costs, mail classification changes, and statutory preferential rates applicable to Package Services. All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), such as comments regarding the sufficiency of the planned increase to Media Mail/Library Mail are addressed in section VII, *infra*.

B. Price Adjustment Authority

1. Introduction

The Package Services class consists of four products: (1) Alaska Bypass Service; (2) Bound Printed Matter (BPM) Flats; (3) BPM Parcels; and (4) Media Mail/Library Mail. The planned price increase for Package Services is, on average, 1.892 percent, which results in 0.008 percent remaining unused price adjustment authority. Table V-1 shows the percentage price change for each Package Services product as calculated by the Commission.

Table V-1
Package Services Price Changes (By Product)

Package Services Product	Price Change %
Alaska Bypass Service	1.900
BPM Flats	1.983
BPM Parcels	1.741
Media Mail/Library Mail	1.993
Overall	1.892
Source: Library Reference PRC-LR-R2020-1/4, Excel file "PRC-CAPCALC- PACKSERV-R2020-1.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements and did not adjust the billing determinants. See Notice at 2-5, 31-32.

3. Comments

The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. PR Comments at 2.

4. Commission Analysis

The Commission finds the Postal Service's planned price adjustments for Package Services comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.892 percent is less than the total

available price adjustment authority for Package Services.⁴⁵ As a result, there is 0.008 percent unused pricing authority for Package Services.⁴⁶

C. Workshare Discounts Exceeding Avoided Costs

1. Introduction

The Commission is required to ensure that workshare “discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity” unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2). Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3010.12(b)(6).

2. The Postal Service’s Position

The Postal Service states that no Package Services workshare discounts exceed avoided costs. Notice at 32.

3. Comments

No commenter addresses this standard.

4. Commission Analysis

The Commission approves all proposed workshare discounts as consistent with 39 U.S.C. § 3622(e).

⁴⁵ For Package Services, the current annual limitation is 1.900 percent. No unused rate adjustment authority is available for Package Services.

⁴⁶ See Library Reference PRC-LR-R2020-1/4; see also section I, Table I-1, *supra*. For Package Services, the Postal Service uses 1.892 percent of the price adjustment authority available under the annual limitation; thus, 0.008 percent of unused price adjustment authority remains available for future price adjustments.

D. Classification Changes

1. Introduction

The Postal Service proposes two classification changes for Package Services.

2. The Postal Service's Position

First, the Postal Service proposes to delete references to Zone 3 pricing for Alaska Bypass Service. Notice at 38. The Postal Service states that "Alaska Bypass Service Zone 3 was eliminated due to a Sectional Center Facility consolidation in 2016." Notice at 32 n. 49. The Postal Service explains that as a result, all Alaska Bypass mailpieces are now processed through the Anchorage Sectional Center Facility. *Id.* The Postal Service avers that these volumes paid Zones 1 and 2 prices during the hybrid year. *Id.*

Second, the Postal Service proposes to revise the Refund of Postage section of the Glossary in the MCS to reflect that refunds are no longer offered for items subject to the Overweight Item Charge. *See id.* at 39; *see also id.* Attachment A at 113.

3. Comments

No commenter addresses the planned classification changes.

4. Commission Analysis

The Commission accepts the proposed classification changes to Alaska Bypass Service because they improve the MCS by more accurately reflecting the current product offerings of the Postal Service. The Postal Service no longer differentiates between Zone 3 compared to Zones 1 and 2 for pricing purposes.⁴⁷ The proposed classification changes remove the obsolete Zone 3 prices from the MCS. *See id.*

⁴⁷ Notice at 32 n. 49; Response to CHIR No. 9.

Corresponding changes to remove pricing information for this product are necessary and appropriate.

The Commission also accepts the proposed change to the Glossary in the MCS. This conforming change improves the clarity and accuracy of the MCS to reflect that the Postal Service no longer refunds any amounts paid as purported postage and fees for overweight items.⁴⁸

E. Statutory Preferential Rates

The Postal Service is required to set prices for Library Mail as nearly as practicable to 95 percent of Media Mail Prices. 39 U.S.C. § 3626(a)(7). The Postal Service explains that it satisfies this requirement by setting each Library Mail price element equal to 95 percent of its corresponding Media Mail price element. Notice at 36-37. The Commission finds that the prices for Media Mail and Library Mail comply with 39 U.S.C. § 3626(a)(7) because Library Mail prices are set as nearly as practicable to 95 percent of corresponding Media Mail prices.

VI. SPECIAL SERVICES

A. Introduction

This section discusses the price adjustment authority and mail classification changes applicable to Special Services. All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c) are addressed in section VII, *infra*.

⁴⁸ See United States Postal Service, Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM), § 604.9.2.4(i) (effective January 27, 2019); see also Overweight Items, 83 Fed. Reg. 43,985, 43,986 (Aug. 29, 2018) (to be codified at 39 C.F.R. § 111).

B. Price Adjustment Authority

1. Introduction

Special Services consists of ten products: (1) Ancillary Services; (2) International Ancillary Services; (3) Address Management Services; (4) Caller Service; (5) Credit Card Authentication; (6) International Business Reply Mail Service; (7) Money Orders; (8) Post Office Box Service; (9) Customized Postage; and (10) Stamp Fulfillment Services. The planned price increase for Special Services is, on average, 1.904 percent, which results in 0.007 percent in total unused price adjustment authority.⁴⁹ Table VI-1 shows the percentage price change for each Special Services product as calculated by the Commission.

⁴⁹ See Library Reference PRC-LR-R2020-1/5, Excel file "PRC-CAPCALC-SpecServ-R2020-1.xlsx."

Table VI-1
Special Services Price Changes (By Product)

Special Services Product	Percent Change %
Ancillary Services ⁵⁰	1.988
International Ancillary Services	0.079
Address Management Services	4.363
Caller Service	0.179
Credit Card Authentication	0.000
International Business Reply Mail Service	2.657
Money Orders	0.578
Post Office Box Service	2.596
Customized Postage	1.471
Stamp Fulfillment Service	0.004
Overall	1.904
Source: Library Reference PRC-LR-R2020-1/5, Excel file "PRC-CAPCALC-SpecServ-R2020-1.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 2-5, 34. The Postal Service asserts that it made two adjustments to the billing determinants: (1) to exclude a small number of USPS Marketing Mail permit fees in order to correspond with a planned revision to the DMM that would exempt Full-Service Intelligent Mail Barcode (IMb) mailings from the permit fees; and (2) to account for the fee group shifts for Post Office Box Service and Caller Service. See *id.* at 35.

⁵⁰ See Library Reference PRC-LR-R2020-1/5 for entire list of Ancillary Services and their respective price changes.

3. Comments

The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. PR Comments at 2.

4. Commission Analysis

The Commission finds the Postal Service's planned price adjustments for Special Services comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.904 percent is less than the total available authority of 1.911 percent.⁵¹ As a result, the total unused price adjustment authority available for Special Services is 0.007 percent.⁵²

The Commission accepts the Postal Service's adjustments to the billing determinants regarding the USPS Marketing Mail permit fees and the fee group shifts for Post Office Box Service and Caller Service as reasonable.

The Postal Service's Special Services workpapers contained minor discrepancies in the revenue and volume reported between the billing determinants and the price cap calculation file. These errors, which were identified in CHIR No. 6, pertained to Stamp Fulfillment Service and a variety of the Address Management Services and consisted of incorrectly listed prices or unit price calculations that fell outside the expected range, requiring additional explanation. See CHIR No. 6, questions 2-15. The Postal Service addressed these issues through multiple documents and filed revised workpapers. See October 25 Responses to CHIR No. 6,

⁵¹ For Special Services, the current annual limitation is 1.900 percent. In addition to the annual limitation, Special Services has 0.011 percent of unused rate adjustment authority available. Therefore, the total pricing authority available for Special Services is 1.911 percent.

⁵² See Library Reference PRC-LR-R2020-1/5; see also section I, Table I-1, *supra*. For Special Services, the Postal Service uses the 1.900 percent of price adjustment authority available under the annual limitation plus 0.004 percent of the available unused price adjustment authority; thus, 0.007 percent of unused price adjustment authority remains available for future price adjustments.

questions 1-4, 12-15; October 30 Responses to CHIR No. 6, questions 5-8, 11; October 31 Responses to CHIR No. 6, questions 9-10. These changes provided an additional 0.001 percent of unused price cap authority for Special Services. The Commission accepts these revisions as reasonable.

C. Classification Changes

1. Introduction

The Postal Service proposed several classification changes within the Special Services class.

2. The Postal Service's Position

The Postal Service seeks to “remov[e] all references to Merchandise Return Service” (MRS) from the MCS.⁵³ The Postal Service states that there is no volume associated with MRS and that all volumes are routed in specific parcel products. Notice at 38. In addition, the Postal Service indicates that there are no longer any fees assessed in conjunction with MRS, as the remaining fees (Permit and Account Maintenance) were eliminated as part of Docket No. R2017-1.⁵⁴ The Postal Service notes that the removal of MRS language from the MCS “will have no impact on the services available to customers.” Notice at 38-39.

Additionally, the Postal Service proposes minor changes to remove references to First-Class Package Service, Package Services, Priority Mail, Parcel Select, and USPS Retail Ground from the price table for USPS Tracking. Notice, Attachment A at 81. The Postal Service notes that these products receive USPS Tracking for free and are

⁵³ Notice at 38; see also *id.* Attachment A at 73, 82, 84.

⁵⁴ *Id.* n.55 (citing Docket No. R2017-1, Order on Price Adjustments for Special Services Products and Related Mail Classification Changes, December 15, 2016, at 13-14 (Order No. 3670)).

“adequately covered” by the service’s description appearing in MCS § 1505.8.1(b). Notice at 38 n.54.

Finally, to match the existing language appearing in MCS § 2110.1(f), the Postal Service proposes to add the phrase “or uses ePostage, Electronic Verification System, Hardcopy Manifest, or an approved Manifest Mailing System” to Note 2 of the price table appearing in § 1505.9.2, which pertains to the Insurance coverage for Priority Mail.⁵⁵

3. Comments

No commenter addresses the mail classification changes for Special Services.

4. Commission Analysis

With respect to USPS Tracking, the Commission approves the proposed changes to the MCS. Section 1505.8.1(b) of the MCS adequately explains that USPS Tracking service is automatically included for First-Class Package Service, Package Services, Priority Mail, Parcel Select, and USPS Retail Ground, making their presence in the USPS Tracking price table of § 1505.8.2 duplicative. The Commission also approves the proposed addition to Note 2 of the price table appearing in § 1505.9.2 because this would conform the definition of the conditions for when the price for Priority Mail pieces would include up to \$100 of insurance with existing language appearing in § 2110.1(f).

With respect to the Postal Service’s proposed changes to MRS, the Commission finds that these classification changes require a more detailed analysis.

⁵⁵ See *id.* at 39; see also *id.* Attachment A at 82. In connection with its proposed elimination of MRS, the Postal Service also proposes to replace the existing references to MRS in Notes 1 and 2 of the price table appearing in § 1505.9.2 with the phrase “as non-prepaid returns.” See Notice at 39; see also *id.* Attachment A at 82.

The Postal Service first began making classification changes to MRS in Docket No. R2015-4. As part of that proceeding, the Postal Service requested, and the Commission approved, the removal of MRS from Standard Post and Package Services mailpieces, leaving First-Class Mail Parcels as the only market dominant product with which MRS was associated.⁵⁶ The Postal Service also sought to waive the permit fees and account maintenance fees associated with MRS. Docket No. R2015-4 Notice at 35. The waiver of both fees resulted in there being no future per-piece fee for MRS and therefore no future revenue. *Id.*

In Docket No. R2017-1, the Postal Service sought to “make corrections” to the MCS indicating that MRS was no longer offered for First-Class Mail Parcels, and had, in actuality, intended the change as part of Docket No. R2015-4.⁵⁷ The Postal Service noted that, since Docket No. R2015-4’s completion, MRS was only available for certain competitive products (First-Class Package Service, Priority Mail, and Parcel Select Ground). *Id.* However, the result of this “correction” meant that MRS was no longer offered for any market dominant product. In its decision, the Commission noted that in Docket No. R2015-4 the Postal Service had not requested, and the Commission had not approved, the removal of MRS as an optional feature of First-Class Mail Parcels.⁵⁸ The Commission stated that it was “concerned that the Postal Service, without any authorization, removed First-Class Mail Parcels as a product that may use MRS.” Order

⁵⁶ See Docket No. R2015-4, United States Postal Service Notice of Market-Dominant Price Adjustment, January 15, 2015, at 32, 35 (Docket No. R2015-4 Notice); Docket No. R2015-4, Order on Price Adjustments for Special Services Products and Related Mail Classification Changes, March 10, 2015, Attachment at 29 (Order No. 2388). As of Docket No. R2015-4, MRS continued to be available for three competitive products: (1) First-Class Package Service; (2) Priority Mail (except Critical Mail); and (3) certain return parcels at Parcel Select Nonpresort prices. *Id.*

⁵⁷ Docket No. R2017-1, United States Postal Service Notice of Market Dominant Price Adjustment, October 12, 2016, at 58 (Docket No. R2017-1 Notice).

⁵⁸ In its Response to CHIR No. 5, the Postal Service admitted to an “inadvertent” omission of First-Class Mail Parcels from the MCS attachment in that proceeding. See Order No. 3670 at 12; see also Docket No. R2017-1, Response of United States Postal Service to Question 3 of Chairman’s Information Request No. 5, November 9, 2016.

No. 3670 at 12. The Commission found that the removal of First-Class Mail Parcels from MRS was the deletion of a rate cell, requiring adjustments to billing determinants pursuant to 39 C.F.R. § 3010.23(d)(2). *Id.* However, because the Postal Service had “entirely eliminated MRS from market dominant products” and there had been no volume, no adjustments to billing determinants were possible and no measureable price-cap impact could be determined. *Id.* at 13. The Commission noted that the change “appears to push mailers who seek to utilize MRS from market dominant products to competitive products.” *Id.* The Commission stated that it would monitor the affected markets and determine whether any action was required pursuant to 39 U.S.C. § 3642 with regard to MRS. *Id.*

In the instant proceeding, the Postal Service seeks to remove MRS from Part A—Market Dominant Products of the MCS, in its entirety. Additionally, as part of Docket No. CP2020-5, a concurrent rate proceeding for the Postal Service’s competitive products, the Postal Service seeks to remove references to MRS from Part B—Competitive Products of the MCS, in its entirety.⁵⁹ In conjunction, these two requests result in the complete removal of MRS and all related references from the MCS. As such, the Postal Service should have initiated a proceeding pursuant to 39 U.S.C. § 3642, which describes the process by which the Postal Service may request the removal of a product from the MCS.⁶⁰

⁵⁹ See Docket No. CP2020-5, United States Postal Service Notice of Changes in Rates of General Applicability for Competitive Products, October 9, 2019, Attachment to Governors’ Decision 19-3, §§ 2110.1, 2110.5, 2125.1, 2125.5, 2135.5.

⁶⁰ See 39 U.S.C. § 3642; see also e.g., Docket No. MC2013-38, Request of the United States Postal Service to Remove Confirm Service from the Market-Dominant Product List, February 1, 2013. Additionally, section 3642 requires that the Commission consider several factors when deciding whether to approve a product’s removal from the MCS including: (1) the availability and nature of enterprises in the private sector engaged in the delivery of the product involved; (2) the views of those who use the product involved on the appropriateness of the proposed action; and (3) the likely impact of the proposed action on small business concerns. See 39 U.S.C. § 3642 (b)(3).

However, the Commission finds that due to the current circumstances of MRS, it is prudent to address this issue in the instant proceeding. This finding is based on and limited to the rather unique facts presented. The apparent piecemeal classification changes to MRS were requested by the Postal Service over several rate proceedings and subsequently approved by the Commission. In this proceeding, the Postal Service's proposed classification changes finally make clear what is already a reality—the removal of all references to a discontinued service, where no fees are charged and no volume exists.⁶¹ In addition, no concerns related to the Postal Service's proposed classification changes for MRS were raised by the commenters in this proceeding. Therefore, the Commission finds that the classification changes proposed by the Postal Service in the instant proceeding are not inconsistent with the requirements set forth in 39 U.S.C. § 3642 and the Commission's regulations. Accordingly, the Commission approves all of the Postal Service's proposed classification changes related to MRS.

VII. THE OBJECTIVES AND FACTORS

A. Introduction

The Commission considers the relevant statutory objectives and factors as applied to the pricing changes proposed for USPS Marketing Mail, Periodicals, Package Services, and Special Services in this proceeding. See *Carlson*, 938 F.3d at 343, 345. Determinations of which objectives and factors are relevant, how much weight to apply to particular objectives and factors, and how to balance the objectives and factors on review of a particular price adjustment are committed to the discretion of the Commission. See *id.* at 344. Such determinations vary on a case-by-case basis. See *id.* As a result, in any given case, there is not just one set of price adjustments that is

⁶¹ See Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, November 13, 2018, Excel file "PRC-CAPCALC-SpecServ-R2019-1.xlsx;" Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, November 9, 2017, Excel file "PRC-CAPCALC-SS-R2018-1.xlsx;" Docket No. R2017-1, Library Reference PRC-LR-R2017-1/5, December 15, 2016, Excel file "PRC-CAPCALC-SS-R2017-1.xlsx."

consistent with the objectives and factors, but rather there is a range of acceptable price adjustments that satisfy the objectives and factors.

Applying the objectives and factors to price adjustments is necessarily fact-specific, situation-specific, and generally qualitative in nature.⁶² The Commission also observes that some aspects of the objectives and factors are in tension with each other, whereas other aspects may overlap.⁶³ Therefore, as discussed below, some pricing proposals at the product-level or rate cell-level⁶⁴ may be in tension with particular components of certain objectives and factors; ultimately, the Commission determines that the weight of the balance favors approval of the proposed prices for USPS Marketing Mail, Periodicals, Package Services, and Special Services.⁶⁵

The nine objectives are:

- (1) To maximize incentives to reduce costs and increase efficiency.
- (2) To create predictability and stability in rates.

⁶² See *Ass'n of Am. Publishers, Inc. v. Governors of U. S. Postal Serv.*, 485 F.2d 768, 774 (D.C. Cir. 1973) (“Like most other factors sheets, whether in statutes, A.L.I. Restatements, or comparable compilations, the factors listed are not analogous to a table of atomic weights, or to the multiplication table. The factors are reminders of relevant considerations, not counters to be placed on scales or weight-watching machines.”).

⁶³ See, e.g., Docket No. RM2017-3, Order on the Findings and Determination of the 39 U.S.C. § 3622 Review, December 1, 2017, at 18, 65-66, 256-57, 260 (Order No. 4257).

⁶⁴ Each of the market dominant classes consists of multiple products. The term product “means a postal service with a distinct cost or market characteristic for which a rate or rates are, or may reasonably be, applied.” 39 U.S.C. § 102(6). Within each product, there may be multiple rate cells, which refer to each price. Where helpful, this Order also refers to categories, which refer to groups of rate cells, either within a single product or multiple products. By way of example, Periodicals (class) consists of two products (In-County and Outside County). The Outside County product has over a hundred rate cells that provide prices based on numerous criteria such as per pound rates versus per piece rates, presortation level and barcoding, usage of a container (pallet versus sack/tray) versus bundle, induction point or zone, advertising content, and statutory preferences accorded to certain publications such as nonprofit or classroom. See Library Reference PRC-LR-R2020-1/3, Excel file “PRC-CAPCALC-PER-R2020-1.xlsx.”

⁶⁵ The Commission’s 10-year review determined that the ratemaking system has not achieved the objectives, taking into account the factors. Order No. 4257 at 275. The Commission does not interpret the discussion in this Order to affect this determination because the systemic flaws identified by the Commission are not cured by this isolated adjustment to prices.

- (3) To maintain high quality service standards established under section 3691.
- (4) To allow the Postal Service pricing flexibility.
- (5) To assure adequate revenues, including retained earnings, to maintain financial stability.
- (6) To reduce the administrative burden and increase the transparency of the ratemaking process.
- (7) To enhance mail security and deter terrorism.
- (8) To establish and maintain a just and reasonable schedule for rates and classifications, however the objective under this paragraph shall not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail.
- (9) To allocate the total institutional costs of the Postal Service appropriately between market-dominant and competitive products.

39 U.S.C. § 3622(b).

The fourteen factors are:

- (1) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;
- (2) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to each class or type of mail service through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;
- (3) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;
- (4) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;
- (5) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;

- (6) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services;
- (7) the importance of pricing flexibility to encourage increased mail volume and operational efficiency;
- (8) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;
- (9) the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;
- (10) the desirability of special classifications for both postal users and the Postal Service in accordance with the policies of this title, including agreements between the Postal Service and postal users, when available on public and reasonable terms to similarly situated mailers, that—
 - (A) either—
 - (i) improve the net financial position of the Postal Service through reducing Postal Service costs or increasing the overall contribution to the institutional costs of the Postal Service; or
 - (ii) enhance the performance of mail preparation, processing, transportation, or other functions; and
 - (B) do not cause unreasonable harm to the marketplace.
- (11) the educational, cultural, scientific, and informational value to the recipient of mail matter;
- (12) the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services;
- (13) the value to the Postal Service and postal users of promoting intelligent mail and of secure, sender-identified mail; and
- (14) the policies of this title as well as such other factors as the Commission determines appropriate.

Id. § 3622(c).

Below, the Commission summarizes the Postal Service's discussion of its planned pricing design and the comments received, organized by the class and product to which they correspond, to the extent that such a connection is specified. Where relevant and in response to comments, this Order provides analysis of individual rates that demonstrate that the USPS Marketing Mail, Periodicals, Package Services, and Special Services price adjustments are consistent with the objectives and factors.

B. The Postal Service's Position

1. USPS Marketing Mail

The Postal Service asserts that its planned USPS Marketing Mail rate design reflects the Postal Service's pricing flexibility and efforts to achieve financial stability, in furtherance of Objectives 4 and 5, as well as Factor 7. Notice at 22. By way of example, the Postal Service states that the below-average increase proposed for High Density and Saturation Flats/Parcels follows a rate cycle in which the product received an above average increase.⁶⁶

Within the High Density and Saturation Flats/Parcels product, DALs and DMLs for Saturation Flats are proposed to receive differing increases, for the first time. *Id.* DMLs are proposed to increase from \$0.04 to \$0.05, while DALs are proposed to increase from \$0.04 to \$0.045. *Id.* The Postal Service asserts that this proposed differentiation is consistent with the separate classifications created in Docket No. R2012-3, wherein the Postal Service divided what had been known as Detached Address Labels into separate categories—DALs and DMLs—based on the presence of advertising.⁶⁷ The Postal Service asserts that the higher rate proposed for DMLs

⁶⁶ *Id.* at 23 n.36 (citing Order No. 4875 at 28 (approving a price increase of 3.576 percent for Flats and Parcels for CY 2019)).

⁶⁷ *Id.* at 23 n.38 (citing Docket No. R2012-3, United States Postal Service Notice of Market-Dominant Price Adjustment, October 18, 2011, at 22-23).

reflects their increased value to mailers, in furtherance of Objective 5, as well as Factors 1 and 3. *Id.* at 23. The Postal Service asserts that the overall proposed price increase for Saturation Flats uses only slightly more than half of the Postal Service's overall pricing authority, consistent with Objective 8. *Id.*

2. Periodicals

The Postal Service states that it is unable to raise Periodicals revenue above attributable costs due to the lack of adequate pricing flexibility at the class level, which the Postal Service asserts undercuts Objective 4 and Factor 7. *Id.* at 30. The Postal Service cites Objective 5 and Factor 2 to justify above-average increases of 12 percent for trays and sacks, which are proposed to boost cost coverage. *Id.* The Postal Service also cites Objective 1 and Factors 2, 7, and 12 to justify above-average increases for bundles, which are proposed to raise their cost coverage and encourage operational efficiency. *Id.* Citing Objective 1 and Factors 7 and 12, the Postal Service proposes to increase the price differential between basic Carrier Route and Machinable Automation 5-Digit Flats to encourage the preparation of Carrier Route pieces. *Id.* at 31. The Postal Service cites Objectives 1 and 8 and Factor 1 to justify its proposal of "increasing piece prices to bring all workshare discount passthroughs down to 100 percent or below." *Id.*

3. Package Services

The Postal Service contends that Objective 5 and Factor 2 weigh in favor of the above-average price increases for Media Mail/Library Mail, which are proposed to increase this product's cost coverage. *Id.* at 32. The Postal Service asserts that "even after these increases, Media Mail/Library Mail pieces will still be priced below other ground parcel products, recognizing their educational, cultural, scientific, and informational value," as intended by Factor 11. *Id.*

4. Special Services

The Postal Service discusses its planned prices for USPS Tracking for USPS Marketing Mail Parcels, Address Management Services, and Post Office Box Service. *Id.* at 33-34; October 25 Responses to CHIR No. 6, question 16.

With regard to USPS Tracking for USPS Marketing Mail Parcels, the Postal Service proposes a 50 percent decrease to the rate, from \$0.400 to \$0.200. Notice at 33. The Postal Service notes that the planned decrease would not cause the product to fail to cover its costs attributable. *See id.* The Postal Service states that the planned decrease is consistent with Objectives 4, 5 and 8, as well as Factors 2 and 7. *Id.*

With regard to Address Management Services, the Postal Service proposes a 4.1 percent increase. *Id.* at 34. Within that product, individual proposed rate increases for Address Information Viewer, Address Element Correction II, Address Sequencing Service, Computerized Delivery Sequence, Official National Zone Charts, and the Change-of-Address Customer Notification Letter Reprint range from 5.4 percent to 10 percent. *Id.* The Postal Service states that these proposed rate increases are consistent with Objectives 1, 4, 5, and 8, as well as Factors 1, 7, 8, and 12. *Id.* For the 10 percent increase proposed for Change-of-Address Customer Notification Letter Reprint, the Postal Service explains that this service has not experienced a price increase since the fee was originally implemented in Docket No. R2013-1. October 25 Responses to CHIR No. 6, question 16. The Postal Service avers that the planned increase will not significantly affect demand. *See id.* Further, the Postal Service asserts that the proposed increase will increase net revenue and better reflect the value of the service provided, consistent with Objective 5 and Factor 1. *See id.*

With regard to Post Office Box Service, the Postal Service proposes to realign its fee groups for Post Office Box customers by shifting certain ZIP Codes “up one fee

group based on new occupancy and growth criteria.”⁶⁸ The Postal Service states that the planned realignment of fee groups will increase rates for those locations where occupancy rates are high and where the number of paid boxes is static or increasing. October 25 Responses to CHIR No. 6, question 17. The Postal Service also states that the planned realignment would not increase prices in those locations where occupancy rates are low or the number of paid boxes is decreasing. *Id.* The Postal Service explains that, although Post Office Box Service is proposed to increase by 2.6 percent at the product-level, the proposal would result in 777,332 (or approximately 18.6 percent) of its Post Office Box Service customers receiving “increases ranging from 12.0 percent to 41.0 percent.”⁶⁹ After consideration of the concentration of volume within the fee groups, under the planned realignment, the Postal Service avers that the proposed price increase is reasonable for the service offered and would not be likely to significantly affect demand for boxes in the locations that would experience an increase. See October 25 Responses to CHIR No. 6, questions 14, 17.

C. Comments

1. USPS Marketing Mail

ACMA and PostCom express concern with the planned price for Flats. ACMA Comments at 3-4; PostCom Comments at 5-6. ACMA predicts that this above-average increase will result in continued volume decline and harm to mailers. ACMA Comments at 3. According to ACMA, “[i]t is clear that any problem with Flats is a cost problem, not

⁶⁸ Notice at 34; *see also* Library Reference USPS-LR-R2020-1/5, revised October 31, 2019, Excel file “CAPCALC-SpecServ-R2020-1 --- Revised 10-31-19 – PRC final.xlsx,” tab “Adj to PO Boxes” (describing the criteria for the realignment); New Mailing Standards for Domestic Mailing Services Products, 84 Fed. Reg. 55,529, 55,529-30 (proposed Oct. 17, 2019) (to be codified at 39 C.F.R. § 111) (describing the basis upon which reassignments may be made).

⁶⁹ Notice at 34. The Postal Service also discusses rate increases for Caller Service customers related to the fee group realignment. *Id.* The Postal Service states that 619 (or approximately 1 percent) of its Caller Service customers will experience a rate increase between 5.7 and 8.6 percent. *Id.*

a rates problem,” and “[c]ontinued increases in rates will just make things worse.” *Id.* at 4. ACMA asserts that while the Commission focused on increases in flats’ costs, those efforts have not born fruit. *Id.* It suggests that “the Postal Service must clarify well-defined flow paths for flats and tighten operations around those paths.” *Id.* ACMA also notes that USPS Marketing Mail Flats tend to serve “the lower-density mailers, the smaller mailers, the small towns, the poorer areas, and the rural areas.” *Id.* at 2. “PostCom does not argue that this variation in prices within the class is illegal.” PostCom Comments at 6. However, it expresses concern that large increases may lead some customers to shift to substitute channels or discontinue use of the product. *Id.*

Noting that Parcels fail to cover their attributable costs, the Public Representative suggests that the Postal Service continue to monitor this product’s cost coverage, “and if the problem persists, consider whether a larger price increase may be warranted in future price adjustments.” PR Comments at 4.

ACMA expresses concern that aligning workshare discounts closer to their avoided costs restricts the Postal Service’s flexibility to set prices. ACMA Comments at 2. Noting the rising costs of Flats and the need for the Postal Service to improve its operations, ACMA asserts that the Postal Service needs more flexibility in setting rates and expresses concern that applying greater-than-average increases to Flats may exacerbate the situation. ACMA Comments at 4.

On the other hand, NAPM reiterates its support for the Postal Service to adhere more closely to the principle of Efficient Component Pricing (ECP) and set workshare discounts so that the passthroughs will be as close to 100 percent as possible. NAPM Comments at 12-13. NAPM specifically references the planned workshare discount for Automation AADC (automated area distribution center) Letters, which is set less than its avoided costs. *See id.* at 9. NAPM also expresses concern with the planned workshare discount for Automation 5-Digit Letters. *See id.* at 12. NAPM supports the planned increases to the discounts for Flats dropshipped to the DSCF versus entry at the DNDC

or Origin. See *id.* Echoing its position in pending Docket No. RM2017-3, NAPM argues that the Commission should tighten its rules to prevent the Postal Service from setting workshare discounts substantially below their avoided costs.⁷⁰

NAPM supports the Postal Service's plan to maintain the existing discounts for mailpieces that comply with the requirements for Full-Service IMb. NAPM Comments at 13. NAPM explains that data-rich intelligent mailings reduce costs to the Postal Service, improve Postal Service efficiency, promote volume retention, enhance delivery performance, and enable the development of services that add value to mail for the consumer. See *id.* at 13-14.

With regard to the planned 25 percent price increase for DMLs, PostCom notes that while the Postal Service purports to base this increase on DMLs being of higher value to mailers, the Postal Service does not offer any evidence to substantiate this assertion. PostCom Comments at 5 (citing Notice at 23).

One commenter expresses affordability concerns with the class but is not specific as to which product(s) and/or rate categories he is referring.⁷¹

2. Periodicals

PostCom states that the proposed above-average increase on bundles appears to be ill-considered. PostCom Comments at 5. PostCom explains that mailers will be

⁷⁰ See NAPM Comments at 10. Pitney Bowes Inc. also restates its similar position in Docket No. RM2017-3, with a focus on First-Class Mail. See Comments of Pitney Bowes Inc., October 29, 2019, at 2 (Pitney Bowes Comments). Final disposition of comments on First-Class Mail are reserved for a future order that will review the Postal Service's revised First-Class Mail pricing proposal. See Order No. 5302 at 2, 7, 25-26.

⁷¹ This commenter also references that the Postal Service "eliminated third class." Mack Comments at 1. This is not a cognizable claim, because the elimination of third-class single-piece rates and the transition to bulk rates for USPS Marketing Mail occurred years ago, and is not at issue in this rate adjustment proceeding.

incentivized to create larger bundles, which could lead to a great incidence of bundle breakage and higher manual sortation costs. *Id.*

MPA states that the Postal Service's proposed price hike on Periodicals and the Carrier Route Basic passthrough rate violates Objectives 1, 2, and 8, and Factors 1, 3, 5, 8, and 11. MPA Comments at 1 n.1. MPA also recommends that the Commission "requir[es] the Postal Service to propose a rate design that includes a much higher Carrier Route Basic passthrough that aligns with the passthrough rate for Machinable, Automation 5-Digit Flats." *Id.* at 2.

3. Package Services

The Public Representative states that the proposed price increases for Media Mail/Library Mail "nominally" comply with Commission directives to increase the products' cost coverage. PR Comments at 5. She "questions whether this increase will create revenue sufficient to cover costs" but "acknowledges that the Postal Service does have competing priorities," such as the product's educational, cultural, scientific, and informational value. *Id.*

4. Special Services

No comments address the applicability of the objectives and factors to Special Services.

D. Commission Analysis of the Objectives

As described below, the planned price adjustments for USPS Marketing Mail, Periodicals, Package Services, and Special Services are consistent with the objectives appearing in 39 U.S.C. § 3622(b).

1. Objective 1

The Commission considers the applicability of the planned price adjustments to “maximiz[ing] incentives to reduce costs and increas[ing] efficiency,” as provided by Objective 1. 39 U.S.C. § 3622(b)(1).

Generally, the planned workshare discounts for USPS Marketing Mail, Periodicals, and Package Services demonstrate progress in increasing pricing efficiency, a component of Objective 1, by improving adherence to the principle of ECP. In accordance with the principle of ECP, prices are most efficient when workshare discounts are set equal to avoided costs. See Order No. 4257 at 131.

With respect to USPS Marketing Mail, out of 54 total workshare discounts offered, only 7 workshare discounts are proposed to be set higher than avoided costs, which is a 50 percent improvement since the last market dominant price adjustment, when 14 workshare discounts were set higher than avoided costs.⁷² Furthermore, of the 7 proposed workshare discounts that continue to exceed avoided costs, all but one passthrough has been reduced by at least 10 percentage points since the last market dominant rate adjustment.⁷³

NAPM references the planned workshare discount for Automation AADC Letters, which is set less than its avoided costs. NAPM Comments at 9. The planned workshare discount of \$0.015 is closer to its avoided cost of \$0.018 than the baseline workshare discount of \$0.010,⁷⁴ resulting in an improvement in the passthrough from

⁷² See Order No. 4875 at 32, Table V-2.

⁷³ The Postal Service’s demonstration of its good faith efforts to phase out the sole outlier—DSCF Dropship Letters—are discussed in section III.C., *supra*.

⁷⁴ The baseline discount is the workshare discount set in the previous rate adjustment (Docket R2019-1). See Docket R2019-1, Library Reference PRC-LR-R2019-1/2, November 13, 2018, Excel file “PRC-CAPCALC-MM-R2019-1.xlsx.”

55.6 percent to 83.3 percent.⁷⁵ The Commission encourages the Postal Service to continue this progress at increasing pricing efficiency in future price adjustments.

NAPM and Pitney Bowes express concern with the planned workshare discount for Automation 5-Digit Letters. NAPM Comments at 12; Pitney Bowes Comments at 3-4, 5. The planned workshare discount of \$0.025 remains the same as the baseline workshare discount and is slightly below its avoided cost of \$0.027, maintaining a passthrough of 92.6 percent.⁷⁶ The Commission encourages the Postal Service to increase the pricing efficiency of this workshare category in future price adjustments by realigning the workshare discount with its avoided cost.

With regard to NAPM's restatement of its positions and suggestions provided in Docket No. RM2017-3, the Commission appreciates NAPM's support for the Commission's proposal to strengthen its regulations concerning workshare discounts

⁷⁵ Compare Library Reference PRC-LR-R2020-1/2, Excel file "PRC-CAPCALC- USPSMM - R2020-1.xlsx" with Docket R2019-1, Library Reference PRC-LR-R2019-1/2, Excel file "PRC-CAPCALC-MM-R2019-1.xlsx."

⁷⁶ Compare Library Reference PRC-LR-R2020-1/2, Excel file "PRC-CAPCALC- USPSMM - R2020-1.xlsx" with Docket R2019-1, Library Reference PRC-LR-R2019-1/2, Excel file "PRC-CAPCALC-MM-R2019-1.xlsx." In Docket No. R2019-1, the avoided cost for this worksharing category was \$0.025; therefore, the passthrough was 100 percent. Library Reference PRC-LR-R2019-1/2, Excel file "PRC-CAPCALC-MM-R2019-1.xlsx."

that the Postal Service proposes to set below avoided costs.⁷⁷ Docket No. RM2017-3 remains pending and the suggestions proposed by NAPM regarding the Commission's proposal, along with other comments in that proceeding, are being considered by the Commission. Consistent with the Commission's existing rules and past analysis of workshare discounts set below their avoided costs, the Commission commends the Postal Service for its progress in phasing out inefficient pricing practices and encourages the Postal Service to continue its efforts.

With respect to Periodicals, the Commission commends the Postal Service for its progress in re-aligning the passthroughs that were greater than 100 percent. The Commission appreciates MPA's suggestion that the Postal Service increase the Carrier Route Basic workshare discount, which echoes MPA's comments in the FY 2018 Annual Compliance Review proceeding.⁷⁸ As the Commission has repeatedly stated, inefficient pricing signals may contribute to Periodicals revenues not covering costs if the price does not incentivize mailers to prepare Periodicals mailings efficiently. See, e.g., FY 2018 ACD at 18. The Commission has stated that prices that yield passthroughs closer to 100 percent would promote further pricing efficiency. *Id.* at 20. The proposed price adjustment raises the Carrier Route Basic workshare discount from

⁷⁷ See NAPM Comments at 10; see also Docket No. RM2017-3, Errata Notice of Alliance of Nonprofit Mailers, American Catalog Mailers Association, Inc., Association for Postal Commerce, Idealliance and MPA—the Association of Magazine Media, March 5, 2018; Docket No. RM2017-3, Comments of Alliance of Nonprofit Mailers, American Catalog Mailers Association, Inc., Association for Postal Commerce, Idealliance and MPA—the Association of Magazine Media, March 5, 2018, at 94-97; Docket No. RM2017-3, Reply Comments of Alliance of Nonprofit Mailers, American Catalog Mailers Association, Inc., Association for Postal Commerce, Data & Marketing Association, Idealliance, and MPA—the Association of Magazine Media, March 30, 2018, at 71-74.

⁷⁸ See MPA Comments at 2; see also Docket No. ACR2018, Comments of MPA - The Association of Magazine Media and the Alliance of Nonprofit Mailers, February 14, 2019, at 5 (Docket No. ACR2018 MPA Comments).

its baseline of \$0.128 to \$0.140.⁷⁹ This would raise the passthrough to 61.7 percent, which is higher than the passthrough observed in FY 2018.⁸⁰ While the passthrough would remain below 100 percent, the proposed prices reflect an effort toward improvement. Continued improvement of Periodicals pricing efficiency would minimize negative contribution and maximize cost savings in accordance with Objective 1. The Commission acknowledges that the Postal Service's planned pricing adjustments for Periodicals balance these goals within the limitations of the price cap and the preferential pricing requirements applicable to Periodicals. The Commission recommends that the Postal Service continue to make progress aligning Periodicals discounts with avoided costs in its next general market dominant price adjustment.

With respect to Package Services, the Postal Service has demonstrated progress in proposing to set many of the BPM Flats workshare discounts closer to ECP. All of the planned workshare discounts for BPM Flats and BPM Parcels are set equal to their avoided costs (in accordance with ECP), move closer towards adherence to ECP, or remain the same. None of the planned workshare discounts for BPM Flats and BPM Parcels would move further away from ECP.

For Media/Library Mail, the Postal Service seeks to lower all four workshare discounts from their corresponding baselines, despite the fact that they are already

⁷⁹ The baseline discount is the workshare discount set in the previous rate adjustment (Docket R2019-1). *Compare* Docket No. R2019-1, Library Reference PRC-LR-R2019-1/3, November 13, 2018, Excel file "PRC-WORKSHARE-PER19.xlsx" with Library Reference PRC-LR-R2020-1/3, Excel file "PRC-WORKSHARE-PER20.xlsx."

⁸⁰ *Compare* Docket No. R2019-1, Library Reference PRC-LR-R2019-1/3, Excel file "PRC-WORKSHARE-PER19.xlsx" with Library Reference PRC-LR-R2020-1/3, Excel file "PRC-WORKSHARE-PER20.xlsx". In Docket No. RM2019-14, the Commission established the methodology used to calculate the cost avoidance and passthrough for Carrier Route Basic. See Docket No. RM2019-4, Order on Analytical Principles Regarding Periodicals Outside County Carrier Route Basic Flats, June 27, 2019 (Order No. 5137). Using this methodology, MPA states that the passthrough for FY 2018 was 49.3 percent. See MPA Comments at 5, Figure 1.

below their avoided costs.⁸¹ Under this proposal, these workshare discounts will move farther away from levels consistent with ECP. The Commission encourages the Postal Service to be mindful of improving these workshare discounts' adherence to ECP in future price changes. Consistent with the Commission's existing rules and past analysis of workshare discounts set below their avoided costs, the Commission accepts the Postal Service's proposed reduction of these workshare discounts in this particular price adjustment. The Commission is in the process of taking steps to phase out Postal Service pricing practices that move workshare discounts away from ECP in a pending rulemaking (Docket No. RM2017-3).

Therefore, the planned workshare discounts for USPS Marketing Mail, Periodicals, and Package Services demonstrate that the Postal Service is continuing to make progress in aligning workshare discounts more closely with their avoided costs, consistent with the component of Objective 1 aimed at pricing efficiency.

Moreover, the planned price adjustments reflect a proper incentive to set prices in accordance with the component of Objective 1 aimed at reducing costs. Generally, the planned price adjustments encourage the entry of pieces that are less costly for the Postal Service to process. Globally, this is illustrated by proposing to set lower prices for bulk mailings that presort to a finer degree or dropship mailpieces deeper into the Postal Service's network, compared to higher prices for corresponding mailpieces that are more costly for the Postal Service to process.

With respect to USPS Marketing Mail, applying the lowest price increases for the two lowest-cost products within that class (High Density and Saturation Letters; and High Density and Saturation Flats/Parcels) also exemplifies this type of pricing proposal. Moreover, the planned CY 2020 promotions further encourage businesses to enter

⁸¹ The baseline discount is the workshare discount set in the previous rate adjustment (Docket R2019-1). See Docket R2019-1, Library Reference PRC-LR-R2019-1/4, November 13, 2018, Excel file "PRC-WORKSHARE-PACKSERV-R2019-1.xlsx."

mailpieces that are presorted, which the Postal Service processes at a lower cost-per-piece compared to mailpieces that are not presorted, consistent with the component of Objective 1 aimed at reducing costs.

With respect to Periodicals, PostCom expresses concern that the planned above-average increases to bundles may create a potential perverse incentive: mailers may prepare larger bundles that would be more prone to breakage and incur higher manual sortation costs. See PostCom Comments at 5. The Commission notes that increasing the number of pieces per bundle decreases the number of bundle sortation's needed on a per-piece basis. The Postal Service should continue to monitor bundle breakage and comply with the corresponding reporting required by 39 C.F.R. § 3050.50(e)(1). The Postal Service should also continue to improve its efforts to enforce its mail preparation requirements regarding bundle preparation quality to minimize breakage. See, e.g., DMM § 203.4. Because the proposed above-average increases are intended to increase cost coverage, consistent with Objectives 5 and 8 and Factor 2, the Commission accepts the Postal Service's pricing proposal as rational on balance. The Commission also recognizes that the planned pricing adjustments for Periodicals balance the goals of increasing cost coverage and incentivizing the entry of pieces that are less costly for the Postal Service to process within the limitations of the price cap and the preferential pricing requirements applicable to Periodicals.

2. Objective 2

The Commission considers the applicability of the planned price adjustments to "creat[ing] predictability and stability in rates," as provided by Objective 2. 39 U.S.C. § 3622(b)(2). The proposed price adjustments for USPS Marketing Mail, Periodicals, Package Services, and Special Services comply with the annual limitation on a class level, which generally fosters predictability and stability by allowing mailers to better

approximate the magnitude of price adjustments.⁸² Many of the planned price adjustments at the product level are relatively close to the average adjustment to the class, such as the products within the Package Services class. Additionally, the Notice was filed 109 days before the planned effective date in January. The timing of the Notice and planned effective date also fosters predictability and stability by allowing mailers to better plan and adjust for the proposed price adjustments, which remains consistent with the aim of Objective 2.

Although the Postal Service's proposed pricing design may result in adjustments that vary from the class average for some rate categories, none of the planned price adjustments are sudden or extreme so as to disrupt predictability and stability in rates. To compare, in a past price adjustment proceeding, the Commission found that an exceptional planned price increase appeared to be discriminatory on its face and observed that the Postal Service failed to meaningfully address Objective 2 with respect to its plan to increase the subscription fee for Platinum tier mailing agents by 963 percent (over \$225,000 annually).⁸³ Generally, it is not outside the realm of recent mailer experience for certain products to have price increases more than the class average in some years and to have price increases less than the class average in other years. In fact, the operation of the annual limitation at the class level necessarily means that the Postal Service must, in order to follow any pricing proposal that does not have each product moving lock step with changes to inflation, vary the size of increases among products within each class.

⁸² The Postal Service may seek to adjust rates in excess of the annual limitation due to extraordinary or exceptional circumstances. See 39 U.S.C. § 3622(d)(1)(E); see also 39 C.F.R. part 3010, subpart E.

⁸³ Docket No. R2009-2, Order Reviewing Postal Service Market Dominant Price Adjustments, March 16, 2009, at 72 n.59 (Order No. 191).

The proposed price increases for USPS Marketing Mail are generally consistent with past price adjustments. Besides the two noncompensatory products (Flats and Parcels) for which the rates are proposed to increase slightly more than two percentage points above the class average (*i.e.*, more than 3.860 percent),⁸⁴ two other products are proposed to receive rate increases exceeding two percentage points. See Notice at 22. The planned rate increases for the remaining three products are all below two percentage points. See *id.* The magnitude of these proposed adjustments is generally consistent with changes in the consumer price index for all urban consumers (CPI-U) and is well within the realm of mailer experience.⁸⁵

MPA asserts, without explanation, that the proposed Periodicals price adjustments, including the planned Carrier Route Basic workshare discount, violate Objective 2. MPA Comments at 1 n.1. To the extent that MPA is directing this remark toward the Postal Service's proposal to increase the Carrier Route Basic workshare discount from its baseline of \$0.128 to \$0.140 (rather than increase this workshare discount to \$0.227 as MPA advocates), the Commission is not persuaded that the Postal Service's proposal is inconsistent with Objective 2. No assertion has been made that the level of the proposed adjustment would disrupt predictability and stability. Additionally, the proposed increase to the workshare discount and resulting passthrough of 61.7 percent and price of \$0.206 remains within the realm of recent

⁸⁴ On April 12, 2019, the Commission directed the Postal Service to propose a price increase for Flats at least 2 percentage points above the class average for USPS Marketing Mail and strongly recommended the same for Parcels. See FY 2018 ACD at 71, 78. The directive and recommendation, issued nearly 6 months before the Notice and over 9 months before implementation, provided the Postal Service and affected mailers sufficient time to adapt their forecasting of the adjustments.

⁸⁵ See, *e.g.*, Order No. 4875 at 28, Table V-I; Order No. 4215 at 37, Table IV-I; Order No. 3610 at 29, Table IV-1.

mailer experience.⁸⁶ There is some intra-class variance proposed for certain categories within the Periodicals class; specifically, the Postal Service plans to apply above-average increases to increase cost coverage for certain categories, consistent with Objectives 5 and 8 and Factor 2. Therefore, the Commission accepts the Postal Service's pricing proposal as rational on balance.

With respect to some of the intra-class variance proposed for certain Special Services, the Postal Service has adequately addressed its rationale. The Commission reviews two of those planned increases below.

Within Address Management Services, a 10 percent increase is proposed for Change-of-Address Customer Notification Letter Reprint. Notice at 34. Although this percentage increase may appear large when compared to the average for the product (4.363 percent) or the class (1.904 percent), the absolute increase for this fee is \$5.00 from \$50.00 to \$55.00. Moreover, Change-of-Address Customer Notification Letter Reprint has not experienced a price increase since the fee was originally implemented in Docket No. R2013-1. October 25 Responses to CHIR No. 6, question 16. Further, the Postal Service asserts that the planned increase will increase net revenue and better reflect the value of the service provided, consistent with Objective 5 and Factor 1. *See id.* In light of the need to balance these competing considerations, the planned increase is rational and would not disrupt predictability and stability.

Within Post Office Box Service, certain fee groups are proposed to increase by 12 to 41 percent. Notice at 34. As the Postal Service explains, this is due to a planned

⁸⁶ See Docket No. R2019-1, Library Reference PRC-LR-R20191/3, Excel file "PRC-WORKSHARE-PER19.xlsx" (reporting a discount of \$0.128 and avoided cost of \$0.211, yielding a passthrough of 60.7 percent and a price of \$0.205); Docket No. R2018-1, Library Reference PRC-LR-R2018-1/3, November 9, 2017, Excel file "PRC-WORKSHARE-PER18.xlsx" (reporting a discount of \$0.112 and avoided cost of \$0.189, yielding a passthrough of 59.3 percent and a price of \$0.205); Docket No. R2017-1, Library Reference PRC-LR-R2017-1/3, November 15, 2016, Excel file "PRC-WORKSHARE-PER17.xlsx" (reporting a discount of \$0.109 and avoided cost of \$0.186, yielding a passthrough of 58.6 percent and a price of \$0.202).

realignment that will increase prices where the occupancy rates are high and the number of Post Office Boxes are static or increasing. October 25 Responses to CHIR No. 6, question 17. The Postal Service states this planned realignment does not result in price increases for locations where the occupancy rates are low or the number of paid boxes are decreasing. *See id.* Further, the Postal Service asserts that the planned realignment will increase net revenue and better reflect the value of the service provided in particular locations, consistent with Objective 5 and Factor 1. *See id.* In light of the need to balance these competing considerations, the proposed increases are rational and would not disrupt predictability and stability.

3. Objective 3

The Commission considers the applicability of the planned price adjustments to “maintain[ing] high quality service standards established under section 3691,” as provided by Objective 3. 39 U.S.C. § 3622(b)(3). Neither the Postal Service nor the commenters reference Objective 3. The planned price adjustments do not negatively affect the achievement of Objective 3.

4. Objective 4

The Commission considers the applicability of the planned price adjustments to “allow[ing] the Postal Service pricing flexibility,” as provided by Objective 4. 39 U.S.C. § 3622(b)(4). The Commission found that the PAEA system has allowed for pricing flexibility on a number of dimensions, by allowing the Postal Service to exercise broad discretion over the prices, the price structure, and the timing of price changes. Order No. 4257 at 144. The Postal Service proposes few structural changes and elects to implement the planned adjustments 109 days after filing the Notice. Additionally, the proposed intra-class variance illustrates the exercise of pricing flexibility, as allowed by the PAEA.

Rather than apply the average class level adjustment (1.860 percent) equally within the USPS Marketing Mail class, four products are proposed to receive above-average increases and three products are proposed to receive below-average increases. The Commission directed the Postal Service to increase Flats prices by at least 2 percentage points above average, and the Postal Service proposes an increase of 2.033 percentage points above average.⁸⁷ The Commission strongly recommended (but did not require) the same for Parcels, and the Postal Service proposes an increase of 2.053 percentage points above average.⁸⁸ The Postal Service elects to reserve 0.049 percent of unused pricing authority for USPS Marketing Mail.⁸⁹

With regard to ACMA's argument that the Postal Service needs more flexibility in setting rates and concern that applying greater-than-average increases to Flats may exacerbate the product's cost coverage predicament, the Commission has reviewed the Postal Service's efforts to reduce Flats' costs and has determined that those efforts were unsuccessful. See FY 2018 ACD at 65-66. The Commission conducted analysis demonstrating that increasing the prices for Flats by 2 percentage points above average would likely have a positive impact on contribution, both for Flats and for USPS Marketing Mail as a class. *Id.* at 70. Accordingly, the Commission finds that the planned Flats and Parcels prices reflect a permissible balance of the pricing flexibility allowed by Objective 4 with improving contribution, consistent with Objectives 5 and 8, and Factor 2.

With regard to ACMA's argument that aligning workshare discounts closer to their avoided costs restricts the Postal Service's flexibility to set prices, the setting of workshare discounts is only one dimension of pricing flexibility. The Postal Service

⁸⁷ Compare FY 2018 ACD at 71 with Notice at 22.

⁸⁸ Compare FY 2018 ACD at 78 with Notice at 22.

⁸⁹ See Library Reference PRC-LR-R2020-1/2; see also section I, Table I-1, *supra*.

remains free to adjust the benchmark⁹⁰ price. Moreover, as discussed in section D.1., *supra*, the planned workshare discounts reflect the allowance of some flexibility in that the Commission does not require strict and immediate adherence to ECP in a single price adjustment (that is, requiring each discount to be set equal to its avoided cost in each price adjustment). Accordingly, the Commission finds that the planned rates reflect a permissible balance of the pricing flexibility allowed by Objective 4 with adherence to ECP, consistent with Objective 1 and Factor 5.

With regard to the proposed prices for DALs and DMLs within USPS Marketing Mail, the Commission finds that the proposed differentiation between prices is consistent with the objectives, taking into account the factors. Objective 4 allows the Postal Service pricing flexibility, permitting it to set prices in a way designed to achieve financial stability and maintain a just and reasonable rate schedule, consistent with Objectives 5 and 8. The Postal Service asserts that there is increased value to the mailers who use a DML because of the additional advertising, which is consistent with Factor 1 (the value of the mail service provided), which serves to explain the higher price. Taken in the totality, the Commission finds the Postal Service's rationale to demonstrate a reasonable exercise of pricing flexibility.

With the Periodicals and Package Services classes, the Postal Service has proposed to change individual prices by different percentages, in order to increase cost coverage for certain products and categories. Thus, these proposed price adjustments reflect the use of pricing flexibility as allowed by Objective 4, and balance the aims of Objectives 5 and 8 and Factor 2.

⁹⁰ "To measure the 'cost...avoided' by worksharing, it is necessary to identify two reference points—a workshared group of mail and a base group [referred to as the benchmark] with which it is compared." Docket No. RM2009-3, Order Adopting Analytical Principles Regarding Workshare Discount Methodology, September 14, 2010, at 19 (Order No. 536), quoting 39 U.S.C. § 3622(e).

The Postal Service's proposed prices for Special Services also demonstrate that the system allows pricing flexibility, consistent with the aim of Objective 4. The proposed 50 percent decrease to the price of USPS Tracking for USPS Marketing Mail Parcels reflects the Postal Service's use of pricing flexibility to reduce the total price of the mailpiece to the mailer and incentivize use of the service so as to increase volume. See Notice at 33. The proposed increases to Address Management Services, and the specific services within that product, such as Change-of-Address Customer Notification Letter Reprint, use the Postal Service's pricing flexibility to better reflect the value of the service provided and increase net revenue. See *id.* at 34; October 25 Responses to CHIR No. 6, question 16. The realignment of fee groups for Post Office Box Service uses the Postal Service's pricing flexibility to selectively propose adjustments by: (1) increasing prices where the occupancy rates are high and the number of paid boxes are static or increasing; and (2) not increasing prices where the occupancy rates are low or the number of paid boxes are decreasing. See October 25 Responses to CHIR No. 6, question 17.

5. Objective 5

The Commission considers the applicability of the planned price adjustments to "assur[ing] adequate revenues, including retained earnings, to maintain financial stability," as provided by Objective 5. 39 U.S.C. § 3622(b)(5). Generally, planned prices for each class of mail at issue are aimed to increase cost coverage and net revenue, thereby improving the Postal Service's financial position.

The proposed price adjustments for USPS Marketing Mail, particularly the above-average increases for Flats and Parcels, generally move all products within the class closer to the goal of fully covering their costs. As the Public Representative observes, the Postal Service should continue to monitor cost coverage issues and consider the appropriate size of increases in future price adjustments. See PR Comments at 4.

Similarly, a number of the above-average price adjustments to certain categories of Periodicals, are proposed to increase cost coverage. Moreover, the planned exhaustion of all pricing authority for this noncompensatory class of mail illustrates the Postal Service's efforts to assure adequate revenues and maintain financial stability.

With respect to Package Services, the Postal Service has continued its approach to improving cost coverage for Media Mail/Library Mail by proposing price increases that are larger than the class average. See Notice at 31-32. This proposed approach is consistent with the Commission's most recent ACD. See FY 2018 ACD at 94. While the Public Representative "questions whether this increase will create revenue sufficient to cover costs", she also "acknowledges that the Postal Service does have competing priorities" such as the product's educational, cultural, scientific, and informational value. PR Comments at 5. The Commission finds that the proposed price increases balance these competing priorities in a reasonable manner. The Postal Service avers that the proposed change is aimed to increase this product's net revenue, thereby improving the Postal Service's financial position. See Notice at 32.

The Postal Service's proposed prices for Special Services also demonstrate appropriate consideration of Objective 5. The proposed 50 percent decrease to the price of the USPS Tracking for USPS Marketing Mail Parcels does not disrupt the goals of Objective 5 because the product will continue to cover its costs attributable and allows the Postal Service to distribute the related increase in price cap authority to other products in the class. See Notice at 33. The proposed increases to Address Management Services, and the specific services within that product, such as Change-of-Address Customer Notification Letter Reprint, as well as Post Office Box Service are expected to increase net revenue. See *id.* at 34; October 25 Responses to CHIR No. 6, questions 16-17.

6. Objective 6

The Commission considers the applicability of the planned price adjustments to “reduc[ing] the administrative burden and increas[ing] the transparency of the ratemaking process,” as provided by Objective 6. 39 U.S.C. § 3622(b)(6). Neither the Postal Service nor the commenters reference Objective 6. The Commission found that the PAEA system “has reduced the administrative burden and increased the transparency of the ratemaking system.” Order No. 4257 at 274. The planned price adjustments do not disturb this finding. The efficiency of this proceeding evinces how the PAEA system has reduced the administrative burden of the ratemaking system compared to the burden incurred under the Postal Reorganization Act (PRA) system. See Order No. 4257 at 73. Further, sufficient information was provided to allow users to comprehend and comment on the proposed price adjustments.

7. Objective 7

The Commission considers the applicability of the planned price adjustments to “enhanc[ing] mail security and deter[ing] terrorism,” as provided by Objective 7. 39 U.S.C. § 3622(b)(7). Neither the Postal Service nor the commenters reference Objective 7. Nothing on the record would suggest the planned price adjustments would undermine the system’s existing safeguards (such as the ability to seek a rate adjustment due to extraordinary or exceptional circumstances under 39 U.S.C. 3622(d)(1)(E)) to address unexpected mail security or terrorist threats. The proposed price adjustments do not appear to pose any negative effect on the achievement of Objective 7. Additionally, the proposed adjustments are aimed at increasing net revenue, which is generally consistent with the achievement of Objective 7.⁹¹

⁹¹ See Order No. 4257 at 248-49 (evaluating whether the Postal Service had the ability to pay for mail security and terrorism deterrence efforts).

8. Objective 8

The Commission considers the applicability of the planned price adjustments to “establish[ing] and maintain[ing] a just and reasonable schedule for rates and classifications,” as provided by Objective 8. 39 U.S.C. § 3622(b)(8). The Commission concluded that rates under the PAEA system fell below the range of what would be “just and reasonable” as required by Objective 8—finding that rates were not excessive to the mailers, but threatened the financial integrity of the Postal Service.⁹²

Presently, the USPS Marketing Mail, Package Services, and Special Services classes cover their attributable costs and make a sufficient positive contribution to institutional cost. See Order No. 4257 at 235. By using all or most of the available pricing authority for each class, the proposed adjustments are consistent with continuing to do so. The planned price adjustments make progress towards setting rates for noncompensatory classes (Periodicals) and products (both Periodicals products, USPS Marketing Mail Flats and Parcels, Package Services Media/Mail Library Mail) that are intended to help to improve the financial integrity of the Postal Service. At the same time, the planned price adjustments do not result in a schedule for rates and classifications that would be excessive to the mailers. See Order No. 4257 at 119.

Notably, the Postal Service makes progress toward setting rates for Periodicals that do not threaten the financial integrity of the Postal Service by proposing to exhaust all pricing authority for the noncompensatory Periodicals class. MPA asserts, without explanation, that the proposed Periodicals price adjustments violate Objective 8. MPA Comments at 1 n.1. The proposed price adjustments for the Periodicals class remain

⁹² See Order No. 4257 at 274-75. The Commission disaggregated the discussion of Objective 8 into two prongs. See, e.g., Order No. 4257 at 114-15. It is well established that “just and reasonable” refers to zone, rather than a fixed price, that achieves both prongs. See Order No. 4257 at 114-15, 117, 228-29; see also *Farmers Union Cent. Exch., Inc. v. F.E.R.C.*, 734 F.2d 1486, 1502 (D.C. Cir. 1984) (“an agency may issue, and courts are without authority to invalidate, rate orders that fall within a ‘zone of reasonableness,’ where rates are neither ‘less than compensatory’ nor ‘excessive.’”).

under the pricing authority allowed by the inflation-based price cap and remain in accordance with the preferred pricing requirements. The Postal Service explains that the planned above-average increases to certain categories are designed to improve cost coverage for this historically noncompensatory class, consistent with Objectives 5 and 8 and Factor 2. The Commission is not persuaded that this pricing proposal would produce rates that would be excessive to the mailers. The proposed prices, while intended to improve this situation, likely remain insufficient to cover their costs attributable, which is indicative that the rates are not excessive.

Within USPS Marketing Mail class, the two noncompensatory products (Flats and Parcels) are each proposed to receive rate increases that are slightly greater than two percentage points above the class average. This is designed to bring Flats and Parcels closer to covering their attributable costs. The remaining five products in the class are compensatory.

With regard to affordability, the Commission finds that proposed prices within the USPS Marketing Mail class remain low enough that rates are not excessive to mailers. Except for Flats and Parcels, which are proposed to receive increases that are slightly greater than two percentage points above the class average to increase their cost coverage, the remaining five products within the USPS Marketing Mail class are proposed to receive price increases that approximate or are below the class average. Specifically, the Postal Service proposes price increases to two products, Letters and Every Door Direct Mail—Retail, that are slightly above the class average, by 0.060 percent and 0.279 percent, respectively. Additionally, the Postal Service proposes price increases to three products: (1) High Density and Saturation Letters; (2) High Density and Saturation Flats/Parcels; and (3) Carrier Route, that are below the class average, by 0.514 percent, by 0.998 percent, and 0.731 percent, respectively.

With regard to the planned increases for DALs (12.5 percent) and DMLs (25 percent), it is necessary to note that DALs and DMLs must accompany a Saturation or

High Density Flat. While DALs and DMLs are both proposed to increase more than the class average, Saturation and High Density flats overall are proposed to increase by less than 1 percent.⁹³ In order to appropriately analyze this proposed increase, the Commission looks at the price change proposed for the entire mailpiece, as opposed to the DAL or DML prices in isolation. For example, the baseline Docket R2019-1 rate for a commercial Saturation Flat dropped at a DDU with a DML is \$0.201 (\$0.161 + \$0.040), while the proposed Docket R2020-1 price for the same mailpiece is \$0.213 (\$0.163 + \$0.050), which represents a 6.0 percent increase for the mailpiece. The Commission concludes that this proposed price increase is consistent with Objective 8.

With respect to Package Services, the Postal Service's proposed prices for Media Mail/Library Mail are larger than the class average, which is intended to bring this noncompensatory product closer to covering its attributable costs, thereby improving the financial integrity of the Postal Service. See Notice at 31-32. As the Postal Service observes, "Media Mail and Library Mail pieces will still be priced below other ground parcel products." *Id.* at 32. Accordingly, the record does not suggest that the proposed slightly larger than average increase would result in prices that would be excessive to mailers.

The Postal Service's proposed prices for Special Services also demonstrate appropriate consideration of Objective 8. The proposed 50 percent decrease to the price of USPS Tracking for USPS Marketing Mail Parcels is consistent with Objective 8 because customers will experience a rate decrease, one they are likely to view as reasonable, and because the product will continue to cover its costs attributable. See Notice at 33.

⁹³ See Library Reference PRC-LR-R2020-1/2, Excel file "PRC-CAPCALC-MM-R2020-1.xlsx," tab "HD&Saturation Flats and Parcels."

Within Address Management Services, a 10 percent increase is proposed for Change-of-Address Customer Notification Letter Reprint; however, this service has not experienced a price increase since the fee was originally implemented in Docket No. R2013-1. October 25 Responses to CHIR No. 6, question 16. Moreover, the planned increase reflects the value of the service provided, consistent with Factor 1. See *id.* The planned increase of \$5.00 per reprint is expected to increase revenue by approximately \$135 annually. See *id.* Therefore, the resulting price would remain in the range that would not threaten the financial integrity of the Postal Service and would not be excessive to mailers.

Within Post Office Box Service, the proposed realignment will result in certain fee groups increasing by large percentage amounts; for instance, approximately 1.9 percent of the customers affected by the fee group shift would experience rate increases above 25 percent. See October 25 Responses to CHIR No. 6, question 14. As the Postal Service explains, the purpose of the planned increases is to increase net revenue and better reflect the value of the service provided in particular locations, consistent with Objective 5 and Factor 1. See October 25 Responses to CHIR No. 6, question 17. After consideration of the concentration of volume within the planned fee groups, as realigned, the Postal Service avers that the proposed price is reasonable for the service offered and would not be likely to significantly affect demand for boxes in the locations that would experience an increase. See *id.*, questions 14, 17. Therefore, the resulting prices would remain in the range that would not threaten the financial integrity of the Postal Service and would not be excessive to mailers.

9. Objective 9

The Commission considers the applicability of the planned price adjustments to “allocat[ing] the total institutional costs of the Postal Service appropriately between market-dominant and competitive products,” as provided by Objective 9. 39 U.S.C. § 3622(b)(9). Neither the Postal Service nor the commenters reference Objective 9.

The Commission previously determined that the system has an adequate mechanism to ensure the appropriate allocation of total institutional costs. Order No. 4257 at 275. That mechanism exists outside the context of this proceeding. See 39 C.F.R. § 3015.7. The proposed price adjustments do not appear to pose any effect on the achievement of Objective 9.

E. Commission Analysis of the Factors

As described below, the planned price adjustments for USPS Marketing Mail, Periodicals, Package Services, and Special Services appropriately take into account the Factors appearing in 39 U.S.C. § 3622(c).

1. Factor 1

The following discussion illustrates how the proposed price adjustments appropriately take into account “the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery,” as provided by Factor 1. 39 U.S.C. § 3622(c)(1).

“Periodicals entry receive, where practicable, expeditious distribution, dispatch, transit handling, and delivery.” DMM § 207.28.1. Except for limited circumstances, Periodicals may be inducted into the Postal Service’s network only at the times and places designated by local Postmasters. See *id.* § 207.28.2. Periodicals are forwarded without charge for 60 days. See *id.* § 507.2.3.4. MPA asserts, without explanation, that the proposed Periodicals price adjustments violate Factor 1. MPA Comments at 1 n.1. On balance, the Postal Service’s proposed adjustments, which exhaust the available pricing authority for the class and avoid setting any workshare discounts in excess of their avoided costs, reflect appropriate consideration of the value of the mail service actually provided for Periodicals.

USPS Marketing Mail lacks access to the collection system, uses ground transportation, and is subject to deferred delivery. See DMM §§ 143.2.1, 243.3.1.1, 246.1.1. While the Postal Service attempts to meet mailer needs for specific delivery dates, this requires regular planning and coordination by the mailer or mail producer. USPS Marketing Mail does not include free forwarding and return. See *id.* §§ 143.2.3, 243.3.2.6, 243.3.2.7. The proposed USPS Marketing Mail price changes take into account the value of this mail service because the USPS Marketing Mail prices remain lower than using First-Class Mail, which provides a higher value of service. Additionally, the Commission accepts the Postal Service's assertion that the slight price differentiation proposed for DALs (\$0.045) compared to DMLs (\$0.050) is consistent with the increased value to the mailers who use a DML because of the additional advertising, which is consistent with Factor 1. See Notice at 23.

Package Services products are provided as "economical ground shipping options," these mailpieces do not receive expedited processing or transportation and do not include free forwarding and return.⁹⁴ Bound Printed Matter may be subject to deferred delivery. DMM § 263.2.1. Media Mail and Library Mail are not sealed against postal inspection and may be inspected to ensure compliance with content requirements. See *id.* § 173.2.2. The proposed Package Services price changes take into account the value of this mail service because they are lower than the increases for most other classes. See Notice at 4.

Special Services provide varying degrees of value and the planned price increases reflect that value. For instance, Address Management Services enable customers to improve the quality of their mailing list, thereby enhancing the sender's ability to actually reach the intended recipient. See DMM § 509.1.1. Within that product, Change-of-Address Customer Notification Letter Reprint provides customers

⁹⁴ United States Postal Service Frequently Asked Questions, available at: <https://faq.usps.com/s/article/What-are-Package-Services>.

with a copy of the letter that is sent to the customer's new address following the filing of a Change-of-Address order with the Postal Service. MCS § 1515.1. Post Office Box Service is also of high value because it provides the customer with a locked receptacle for the receipt of mail during specified hours of access to the receptacle. As the Postal Service notes, this is a premium, discretionary service for customers that prefer to have their mail delivered to a location other than the primary delivery point where the Postal Service provides delivery of mail free of charge.⁹⁵ The proposed Special Services price changes take into account the value of these services actually provided to the sender and the recipient.

2. Factor 2

The following discussion illustrates how the proposed price adjustments appropriately take into account Factor 2, which states:

The requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to each class or type of mail service through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class or type.

39 U.S.C. § 3622(c)(2).

USPS Marketing Mail, Package Services, and Special Services each cover their attributable costs and provide a positive contribution to institutional costs. By using all or most of the available pricing authority for each class, the proposed adjustments are consistent with continuing to do so, which reflects appropriate consideration of Factor 2.

Within USPS Marketing Mail, two products—Flats and Parcels—do not cover their costs attributable. However, the above-average increases proposed in this docket

⁹⁵ See October 25 Responses to CHIR No. 6, question 17; see also DMM § 508.4.1.1.

move these products closer to full cost coverage, which reflects appropriate consideration of Factor 2.

Similarly, except for Media Mail/Library Mail, each Package Services product covers its attributable costs and provides a positive contribution to institutional costs. FY 2018 ACD at 94. The Postal Service's proposed prices for Media Mail/Library Mail are larger than the class average, bringing the product closer to covering its attributable costs, and thereby reflecting appropriate consideration of Factor 2.

The Periodicals class does not cover its costs and both individual products are noncompensatory. However, the limitations applicable to this rate adjustment (pricing authority of 1.900 percent and the various preferential pricing requirements), the Postal Service's proposed use of all available pricing authority reflects appropriate consideration of Factor 2. The Commission also observes that the Postal Service plans to increase cost coverage for certain categories of Periodicals in this rate adjustment. The Commission encourages the Postal Service to explore additional avenues to reduce Periodicals costs.

3. Factor 3

The following discussion illustrates how the proposed price adjustments appropriately take into account "the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters," as provided by Factor 3. 39 U.S.C. § 3622(c)(3). The proposed adjustments remain within the CPI-U based price cap and no concerns of a negative effect on competition were raised.

The USPS Marketing Mail class caters primarily to business and nonprofit mailers. With the highest planned price increase being 3.913 percent, and with the planned price increases for 4 out of the 7 USPS Marketing Mail products being less than 2 percent, which closely tracks the 12-month average change in CPI-U, the

Commission finds that the planned rate adjustments should not adversely affect business mail users. For individual rate cells planned to increase by amounts well above average (such as the planned 12.5 percent increase for DALs and the planned 25 percent increase for DMLs, which are both affixed to Saturation Flats), the effect on the mailer is partially mitigated by the planned adjustment to the total price of the mailing. As explained in section D.8., *supra*, because Saturation and High Density flats overall are proposed to increase by less than 1 percent, a Saturation Flat dropped at a DDU with a DML would increase by only 6.0 percent under the Docket No. R2020-1 proposal compared to the baseline price under Docket R2019-1.

Periodicals are printed by churches, schools, clubs, publishers of local newspapers, academic societies, nonprofit organizations, businesses, and others. See DMM § 207.6.2.2, 10.2-10.3. The primary purpose is to transmit information to an established list of subscribers or requesters.⁹⁶ MPA asserts, without explanation, that the proposed Periodicals price adjustments, including the planned Carrier Route Basic workshare discount, violate Factor 3. MPA Comments at 1 n.1. To the extent that MPA is directing this remark toward the Postal Service's proposal to pass through only \$0.140 of the \$0.227 that the Postal Service avoids due to Carrier Route Basic worksharing, the Commission reiterates the limitations of the price cap and the preferential pricing requirements applicable to Periodicals in this rate adjustment. Given these limitations, the Commission accepts the Postal Service's proposal to increase the Carrier Route Basic workshare discount from its baseline of \$0.128 to \$0.140 in this proceeding and encourages the Postal Service to continue its progress in its next general market dominant price adjustment. The Postal Service demonstrates its consideration for the effect of its planned rate increases by attempting to improve the pricing signals to mailers of Periodicals.

⁹⁶ United States Postal Service, Business Mail 101 Periodicals, available at: <https://pe.usps.com/BusinessMail101?ViewName=Periodicals>.

With respect to Package Services, the proposed price increases will have a minimal effect on the stakeholders identified in Factor 3 because of the nature of the products within the Package Services class and the relatively low magnitude of the increases. The Postal Service has demonstrated consideration of this impact, particularly regarding the above-average increase to Media Mail/Library Mail, observing that “Media Mail and Library Mail pieces will still be priced below other ground parcel products.” Notice at 32.

The Postal Service’s proposed prices for Special Services also demonstrate consideration of Factor 3. The proposed 50 percent decrease to the price of the ancillary service of USPS Tracking for USPS Marketing Mail Parcels would reduce the total price of the mailpiece to the mailer and incentivize business mailers to use the service. *See Id.* at 33.

Within Address Management Services, a 10 percent increase is proposed for Change-of-Address Customer Notification Letter Reprint. This service is not widely used by the general public⁹⁷ and the Postal Service does not expect that the planned 10 percent (\$5.00) increase, which is the first increase that users would experience since its implementation in Docket No. R2013-1, would significantly affect demand. *See* October 25 Responses to CHIR No. 6, question 16.

Post Office Box Service may be used by both the general public and business mailers. After consideration of the concentration of volume within the planned fee groups, as realigned, the Postal Service avers that the price is reasonable for the service offered and would not be likely to significantly affect demand for boxes in the locations that would experience an increase. *See* October 25 Responses to CHIR No. 6, questions 14, 17. The Postal Service explains that the majority of customers

⁹⁷ See Library Reference USPS-LR-R2020-1/5, revised October 31, 2019, Excel file “CAPCALC-SpecServ-R2020-1 --- Revised 10-31-19 – PRC final.xlsx,” tab “Adj to PO Boxes” (reporting 27 transactions).

affected by the fee group realignment (75 percent) would be charged \$46.00 or less every 6 months, or just over \$0.30 a day. See *id.*, question 17. Additionally, it is worth noting that market dominant Post Office Box access is an optional service, one used by customers that already have a delivery point where their mail could be received at no charge, which partially mitigates the effect of the increase on the user. See *id.*, question 17.

4. Factor 4

The following discussion illustrates how the proposed price adjustments appropriately take into account “the available alternative means of sending and receiving letters and other mail matter at reasonable costs,” as provided by Factor 4. 39 U.S.C. § 3622(c)(4).

USPS Marketing Mail, like other mail classes, is susceptible to diversion. The planned rates account for this fact by offering promotions to mailers who send more engaging mailpieces that capture the attention of recipients. See Notice, Attachment D at 1. Several of these promotions incorporate special sensory experiences and digital technology platforms to enhance customer engagement. See *id.* at 1, 3-4, 7-9. These more engaging mailpieces and the corresponding credit or discount to the mailer continue to make USPS Marketing Mail an effective means of sending and receiving such items at reasonable costs. The Postal Service’s proposal, which limits increases to the noncompensatory products of Flats and Parcels to amounts slightly higher than 2 percentage points above the class average (2.033 and 2.053 percentage points above the class average, respectively), demonstrates balancing the consideration of available alternatives with cost coverage issues.

The planned price adjustments for Periodicals remain within the limitations of the price cap and the preferential pricing requirements for this class of mail. After balancing these considerations with efforts to increase cost coverage for this noncompensatory

class, the available alternative means to send such mail matter at reasonable costs have little relevance to the planned pricing adjustments.

Package Services are intended as economical ground shipping options to allow mailers to send mail matter at reasonable costs. The proposed prices associated with Package Services products are lower than other available, alternative methods for sending and receiving comparable mail matter. See Notice at 32. The proposed Package Services prices reflect the Postal Service's consideration of Factor 4 by continuing to provide low cost, affordable shipping methods to mailers.

5. Factor 5

The following discussion illustrates how the proposed price adjustments appropriately take into account "the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service," as provided by Factor 5. 39 U.S.C. § 3622(c)(5). Generally, the prices improve adherence to ECP and thereby better recognize mailers' worksharing efforts and their effect upon reducing costs to the Postal Service. See section D.1., *supra*. Thus, the price adjustments reflect appropriate consideration of Factor 5.

The Commission restates its response to MPA's suggestion that the Postal Service increase the Carrier Route Basic workshare discount, which echoes MPA's comments in the FY 2018 Annual Compliance Review proceeding.⁹⁸ This proposed price adjustment raises the Carrier Route Basic workshare discount from its baseline of \$0.128 to \$0.140, and thereby better recognizes the degree of preparation performed by the mailer and its effect upon reducing costs to the Postal Service.⁹⁹ As discussed

⁹⁸ See MPA Comments at 2; see also Docket No. ACR2018 MPA Comments at 5.

⁹⁹ Compare Docket No. R2019-1, Library Reference PRC-LR-R2019-1/3, Excel file "PRC-WORKSHARE-PER19.xlsx" with Library Reference PRC-LR-R2020-1/3, Excel file "PRC-WORKSHARE-PER20.xlsx."

above in section D.1., *supra*, inefficient pricing signals may contribute to Periodicals revenues not covering costs if the price does not incentivize mailers to prepare Periodicals mailings efficiently. The proposed pricing adjustments move toward improved pricing efficiency, thereby demonstrating consideration of Factor 5. The Commission encourages the Postal Service to continue its progress in aligning workshare discounts with their avoided costs in its next general market dominant price adjustment.

6. Factor 6

The following discussion illustrates how the proposed price adjustments appropriately take into account “the simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services,” as provided by Factor 6. 39 U.S.C. § 3622(c)(6). Neither the Postal Service nor the commenters reference Factor 6 concerning the planned price adjustments for USPS Marketing Mail, Periodicals, Package Services, and Special Services. Generally, the Postal Service does not propose any changes that would adversely affect the simplicity of the structure for the entire schedule (such as adding rate cells or categories). Therefore, the planned price adjustments have a relatively neutral effect on the simplicity of the structure for the entire schedule. Nor does the Postal Service propose any changes that would appreciably complicate the relationships between the rates or fees charged. A few minor changes are proposed to streamline the pricing structure and to better reflect relationships between rate cells. Such streamlining is exemplified by the elimination of the reference to the higher priced Zone 3 option for Alaska Bypass Service. See Notice at 32, 38. Overall, Factor 6 has little applicability to the majority of the pricing proposals at issue.

7. Factor 7

The following discussion illustrates how the proposed price adjustments appropriately take into account “the importance of pricing flexibility to encourage increased mail volume and operational efficiency,” as provided by Factor 7. 39 U.S.C. § 3622(c)(7).

Several of the proposed price adjustments demonstrate that the Postal Service has given consideration to how to exercise its pricing flexibility to encourage the entry of mailpieces that are less costly for the Postal Service to process.

With respect to USPS Marketing Mail, the Postal Service’s proposal to apply the lowest price increases for the two lowest-cost products within that class (High Density and Saturation Letters; and High Density and Saturation Flats/Parcels) exemplifies consideration of Factor 7.

For Periodicals, the Postal Service demonstrates consideration of Factor 7 by proposing to increase the price differential between basic Carrier Route and Machinable Automation 5-Digit Flats, thereby encouraging the entry of pieces that are less costly to process. See Notice at 31.

For Package Services, proposing lower prices for presorting and dropshipping bulk Package Services mailpieces, compared to corresponding mailpieces that are more costly for the Postal Service to process and are sent as a single-piece mailing, reflects appropriate consideration of Factor 7.

As a final example, the Postal Service’s proposed 50 percent decrease to the price of the ancillary Special Service, USPS Tracking for USPS Marketing Mail Parcels, illustrates consideration of the importance of the Postal Service’s pricing flexibility and an effort to incentivize mailer use of the service leading to increased volume.

8. Factor 8

The following discussion illustrates how the proposed price adjustments appropriately take into account “the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail,” as provided by Factor 8. 39 U.S.C. § 3622(c)(8).

USPS Marketing Mail is designed for mail matter than is not required to be mailed as First-Class Mail or Periodicals. See DMM § 243.2.1. USPS Marketing Mail reflects the relative value of having economical prices for bulk mailings: each mailing must meet a minimum quantity of 200 pieces or 50 pounds of mail. See *id.* § 243.3.1.1. The planned price adjustments continue to reflect this relative value.

“All Periodicals publications must be authorized Periodicals mailing privileges under one of five qualification categories (general publications, publications of institutions and societies, publications of state departments of agriculture, requester publications, and foreign publications).” *Id.* § 207.4.1. The Postal Service offers Periodicals prices for newspaper, magazine, journal, and newsletter distribution. See *id.* § 207.4.2. Periodicals must be published at regular intervals, at least four times a year from a known office of publication, and be formed of printed sheets. See *id.* § 207.4.4-207.4.6. There are specific standards for circulation, record keeping, and advertising limits. See *id.* § 207.6.1.2, 207.8, 207.4.12, 207.6.1.3, 207.6.2.3. Within the Periodicals pricing scheme, the amount of advertising compared to nonadvertising content is taken into account in computing prices. See *id.* § 207.2.1.5, 207.2.2.1, 207.2.2.6. There are special lower postage prices for certain kinds of mail matter such as In-County, Nonprofit, Science-of-Agriculture, Classroom, and limited circulation Periodicals. See 39 U.S.C. § 3626(a)(3), (a)(4)(A), (a)(5), (g)(4). The proposed price adjustments appropriately take the relative high value of this kind of mail matter to the people and the desirability for this special classification into consideration.

MPA asserts, without explanation, that the proposed Periodicals price adjustments, including the planned Carrier Route Basic workshare discount, violate Factor 8. MPA Comments at 1 n.1. To the extent that MPA is directing this remark toward the Postal Service's proposal to pass through only \$0.140 of the \$0.227 that the Postal Service avoids due to Carrier Route Basic worksharing, MPA does not explain how degree of preparation and worksharing by the mailer are connected with the value of the mail matter contained therein.

With respect to Package Services, the Media Mail/Library Mail classification provides special rates for material such as books, films music, play scripts, and printed educational materials. This planned price adjustment, which results in prices that are lower than other ground parcel products, reflects the relatively high value of this kind of mail matter to the people and the desirability for this specific classification.

Many of the Special Services products are coupled with mail matter for which the people attach a higher degree of relative value and the planned price increases reflect that value. For instance, Address Management Services, and the various services included in that product, improve the ability of the mail matter to actually reach the intended recipient. See DMM § 509.1.1. The planned price adjustments are consistent with such value. The use of market dominant Post Office Box Service also reflects the relatively high value of the mail matter delivered therein because it provides the recipient with a locked receptacle for the receipt of mail during specified hours of access, in addition to the existing free delivery point. See October 25 Responses to CHIR No. 6, question 17.

9. Factor 9

The following discussion illustrates how the proposed price adjustments appropriately take into account "the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do

not require high degrees of reliability and speed of delivery,” as provided by Factor 9. 39 U.S.C. § 3622(c)(9). Neither the Postal Service nor the commenters reference Factor 9. Further, because the planned price adjustments do not affect the provisions of such classifications, Factor 9 is not relevant.

10. Factor 10

The following discussion illustrates how the proposed price adjustments appropriately take into account “the desirability of special classifications for both postal users and the Postal Service in accordance with the policies of this title, including agreements between the Postal Service and postal users, when available on public and reasonable terms to similarly situated mailers...,” as provided by Factor 10. 39 U.S.C. § 3622(c)(10). Neither the Postal Service nor the commenters reference Factor 10. This factor applies primarily to market dominant negotiated service agreements. Because the planned price adjustments do not affect the rates set by negotiated service agreements, Factor 10 is not relevant.

11. Factor 11

The following discussion illustrates how the proposed price adjustments appropriately take into account “the educational, cultural, scientific, and informational value to the recipient of mail matter,” as provided by Factor 11. 39 U.S.C. § 3622(c)(11). This provision applies primarily to Periodicals and Media Mail/Library Mail.

As discussed above in section E.8., *supra*, Periodicals serve as the primary vehicle for dissemination of mail matter that has educational, cultural, scientific, and informational value to the recipient. The proposed Periodicals prices reflect an appropriate balance of such value to the recipient as well as the need to increase cost coverage for this class of mail. MPA asserts, without explanation, that the proposed Periodicals price adjustments, including the planned Carrier Route Basic workshare

discount, violate Factor 11. MPA Comments at 1 n.1. To the extent that MPA is directing this remark toward the Postal Service's proposal to pass through only \$0.140 of the \$0.227 that the Postal Service avoids due to Carrier Route Basic worksharing, MPA does not explain how degree of preparation and worksharing by the mailer are connected with the educational, cultural, scientific, and informational value to the recipient of mail matter contained therein.

Media Mail/Library Mail provides special rates for material with educational, cultural value, and scientific value, such as books, films music, play scripts, and printed educational materials. The Postal Service and the Public Representative both acknowledge the need to balance the need to increase this product's cost coverage with the educational, cultural, scientific, and informational value of this mail matter. See Notice at 32; PR Comments at 5. This planned price adjustment, which result in prices that are lower than other ground parcel products, reflect the educational, cultural, scientific, and informational value of this mail matter.

12. Factor 12

The following discussion illustrates how the proposed price adjustments appropriately take into account "the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services," as provided by Factor 12. 39 U.S.C. § 3622(c)(12). Generally, the proposed prices encourage the entry of mailpieces that are less costly to the Postal Service to process.

With respect to USPS Marketing Mail, the Postal Service's proposal to apply the lowest price increases for the two lowest-cost products within that class (High Density and Saturation Letters; and High Density and Saturation Flats/Parcels) demonstrates consideration of Factor 12. Moreover, the planned CY 2020 promotions further encourage businesses to enter mailpieces that are presorted and improve affordability

for mailers. Additionally, presorting helps to maintain the quality of service. For instance, pieces using Full-Service IMb generate Informed Visibility (IV) electronic scan data that can be used to track pieces as they pass through automated scan operations. See DMM § 507.10.0.

For Periodicals, the Postal Service demonstrates consideration of Factor 12 by proposing to increase the price differential between basic Carrier Route and Machinable Automation 5-Digit Flats, thereby encouraging the entry of pieces that are less costly to process. See Notice at 31.

As another example, the proposed lower prices for presorting and dropshipping bulk Package Services mailpieces compared to higher prices for corresponding mailpieces that are more costly for the Postal Service to process and are sent as a single-piece mailing, encourage the entry of mailpieces that are less costly to the Postal Service to process.

13. Factor 13

The following discussion illustrates how the proposed price adjustments appropriately take into account “the value to the Postal Service and postal users of promoting intelligent mail and of secure, sender-identified mail,” as provided by Factor 13. 39 U.S.C. § 3622(c)(13). The Postal Service’s plan to maintain the existing discounts for mailpieces that comply with the requirements for Full-Service IMb reflects consideration of the value of intelligent mail. See NAPM Comments at 13. Additionally, the planned CY 2019 promotions further encourage businesses to enter mailpieces that use IMb. See, e.g., Notice, Attachment D at 6.

14. Factor 14

The following discussion illustrates how the proposed price adjustments appropriately take into account “the policies of [title 39 of the United States Code] as

well as such other factors as the Commission determines appropriate,” as provided by Factor 14. 39 U.S.C. § 3622(c)(14). Neither the Postal Service nor the commenters reference Factor 14.

Section 101(d) of title 39 requires that postal rates “be established to apportion the costs of all postal operations to all users of the mail on a fair and equitable basis.” 39 U.S.C. § 101(d). The Commission recently found that prices for USPS Marketing Mail Flats “violate 39 U.S.C. § 101(d),” and that the product “has an unacceptable deficient cost coverage that continues to constitute an intra-class subsidy that unfairly burdens other mailers within the USPS Marketing Mail class.” FY 2018 ACD at 63. Accordingly, “to move the product towards compliance with section 101(d) over time,” the Commission directed the Postal Service to propose a price increase for Flats at least 2 percentage points above the class average for USPS Marketing Mail. *Id.* at 71. As the Commission recognized when it promulgated this directive, “price increases alone will not result in the product’s compliance with section 101(d).” *Id.* The Postal Service complied with the Commission’s remedial directive by proposing an increase of 2 percentage points above the average for the class for Flats, which reflects consideration of section 101(d) and Factor 14. The Commission will continue to monitor the remediation of this issue in the FY 2019 ACD and other proceedings, as needed.

F. Conclusion

Below, the Commission summarizes the analysis for each class, which demonstrate an acceptable balance of the relevant statutory objectives and factors.

The proposed USPS Marketing Mail prices are within the range of prices that would be in accordance with the objectives and properly take into account the factors. Specifically, the USPS Marketing Mail prices proposed by the Postal Service in this proceeding aim to exercise the Postal Service’s pricing flexibility to use the available pricing authority to maximize net revenue, while also better aligning workshare

discounts with ECP, and increasing the cost coverage for Flats and Parcels. See 39 U.S.C. § 3622(b)(1), (b)(4), (b)(5), (b)(8), (c)(2), (c)(5), (c)(14). On balance, the proposal reflects an appropriate balance of the statutory objectives and factors.

The proposed Periodicals prices are within the range of prices that would be in accordance with the objectives and properly take into account the factors. The Periodicals prices proposed by the Postal Service in this proceeding exercise the Postal Service's pricing flexibility to use the available pricing authority in an effort to boost cost coverage, encourage certain preparation of certain pieces, better align workshare discounts with ECP, and maximize net revenue. See 39 U.S.C. § 3622(b)(1), (b)(4), (b)(5), (b)(8), (c)(2), (c)(5). On balance, the proposed price adjustments for Periodicals, a noncompensatory class, are rational and give adequate consideration to the value of this mail matter and the effect on users. See 39 U.S.C. § 3622(c)(3), (c)(8), (c)(11).

The proposed Package Services prices are within the range of prices that would be in accordance with the objectives and properly take into account the factors. Specifically, the proposed prices for Media Mail/Library Mail demonstrate an appropriate balancing of the competing priorities to align workshare discounts with ECP, increase the product's cost coverage, and reflect the interests of mailers to have an economical ground shipping option for sending mailpieces of educational, cultural, scientific, and informational value. See 39 U.S.C. § 3622(b)(1), (b)(5), (b)(8), (c)(1), (c)(2), (c)(3), (c)(4), (c)(5), (c)(8), (c)(11).

The proposed Special Services prices are within the range of prices that would be in accordance with the objectives and properly take into account the factors. Specifically, the Postal Service's proposed exercise of pricing flexibility to decrease USPS Tracking for USPS Marketing Mail Parcels incentivizes increased mailer usage and continues to cover the product's cost attributable. See 39 U.S.C. § 3622 (b)(4), (b)(5), (c)(2), (c)(7). The Postal Service's proposed exercise of pricing flexibility to increase prices for the various Address Management Services and realign certain Post

Office Box Service fee groups with demand better reflects the value of the services and increases net revenue. See 39 U.S.C. § 3622(b)(4), (b)(5), (c)(1), (c)(8). On balance, the larger than average increases proposed for certain individual rate cells take into account the effects on the users, are not sudden or disruptive in historical context, and remain within a range of prices that are not excessive to mailers and will support the Postal Service's financial stability. See 39 U.S.C. § 3622 (b)(2), (b)(8), (c)(3).

VIII. ORDERING PARAGRAPHS

It is ordered:

1. The Commission finds that the Postal Service's planned price adjustments relating to USPS Marketing Mail as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 9, 2019, and revised on October 23, 2019, are consistent with applicable law and may take effect as planned.
2. The Commission finds that the Postal Service's planned price adjustments relating to Periodicals as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 9, 2019, and revised on October 17, 2019, are consistent with applicable law and may take effect as planned.
3. The Commission finds that the Postal Service's planned price adjustments relating to Package Services as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 9, 2019, are consistent with applicable law and may take effect as planned.
4. The Commission finds that the Postal Service's planned price adjustments relating to Special Services as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 9, 2019, are consistent with applicable law and may take effect as planned.

5. Revisions to the Mail Classification Schedule appear below the signature of this Order and are effective January 26, 2020.

Darcie S. Tokioka
Acting Secretary

CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule.

The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters***Part A—Market Dominant Products**

1200 USPS Marketing Mail (Commercial and Nonprofit)

1205 High Density and Saturation Letters

1205.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion (March 1, 202019 to August 31, 202019)
- Earned Value Reply Mail Promotion (April 1, 202019 to June 30, 202019)
- Mobile Shopping Promotion (August 1, 202019 to December 31, 202019)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 202019 to July 31, 202019)
- Informed Delivery Promotion (September 1, 202019 to November 30, 202019)

1205.6 Prices*Saturation Letters (3.5 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.191</u>	0.111
DNDC	<u>0.172</u>	<u>0.092</u>
DSCF	<u>0.168</u>	<u>0.088</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters**High Density Plus Letters (3.5 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.201</u>	<u>0.116</u>
DNDC	<u>0.182</u>	0.097
DSCF	<u>0.178</u>	<u>0.093</u>

High Density Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.209	0.124
DNDC	<u>0.190</u>	<u>0.105</u>
DSCF	<u>0.186</u>	<u>0.101</u>

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.465 per piece. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

Emerging and Advanced Technology Promotion (March 1, 2020~~19~~ to August 31, 2020~~19~~)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters*

Earned Value Reply Mail Promotion (April 1, 202019 to June 30, 202019)

Provide a \$0.~~023~~ per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and Share Mail pieces when the 202019 volume of those pieces for a registered mailer meets or exceeds ~~93~~5 percent of the mailer's comparable volume count for the same period during 20198, for those mailers that were registered for the 20197 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a The \$0.~~023~~ per piece rebate also applies to volume received by customers who did not participate in the 2017 promotion, without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 202019 to December 31, 202019)

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 202019 to July 31, 202019)*

Provide a two percent discount on the qualifying postage for USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Informed Delivery Promotion (September 1, 202019 to November 30, 202019)

Provide a 2 percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters*

component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels***1210 High Density and Saturation Flats/Parcels**

1210.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion: Flats Only (March 1, 2020~~19~~ to August 31, 2020~~19~~)
- Earned Value Reply Mail Promotion: Flats Only (April 1, 2020~~19~~ to June 30, 2020~~19~~)
- Mobile Shopping Promotion: Flats Only (August 1, 2020~~19~~ to December 31, 2020~~19~~)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (February 1, 2020~~19~~ to July 31, 2020~~19~~)
- Informed Delivery Promotion (September 1, 2020~~19~~ to November 30, 2020~~19~~)

1210.6 Prices*Saturation Flats (4.0 ounces or less)*

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	0.225	0.224	0.137	0.136
DNDC	0.187	0.186	0.099	0.098
DSCF	0.180	0.179	0.092	0.091
DDU	<u>0.164</u>	<u>0.163</u>	<u>0.076</u>	<u>0.075</u>

Saturation Flats (greater than 4.0 ounces)

a. Per Piece

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	0.609	0.609	0.436	0.436
DNDC	0.454	0.454	0.281	0.281
DSCF	0.426	0.426	0.253	0.253
DDU	<u>0.365</u>	<u>0.365</u>	<u>0.192</u>	<u>0.192</u>

Saturation Parcels

High Density Plus Flats (4.0 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.232	0.144
DNDC	0.194	0.106
DSCF	0.187	0.099
DDU	<u>0.171</u>	<u>0.083</u>

High Density Plus Flats (greater than 4.0 ounces)

a. Per Piece

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.609	0.436
DNDC	0.454	0.281
DSCF	0.426	0.253
DDU	<u>0.365</u>	<u>0.192</u>

High Density Flats (4.0 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.250	0.166
DNDC	0.212	0.128
DSCF	0.205	0.121
DDU	<u>0.189</u>	<u>0.105</u>

High Density Flats (greater than 4.0 ounces)

a. Per Piece

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.609	0.436
DNDC	0.454	0.281
DSCF	0.426	0.253
DDU	<u>0.365</u>	<u>0.192</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels**Flat-shaped pieces including a Detached Address Label*

Add \$0.0405 for each piece addressed using a Detached Address Label with no advertising, and \$0.0450 for each piece using a Detached Address Label containing advertising (Detached Marketing Label).

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay \$1.3953 per piece and forwarded parcels pay \$4.563 per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail or First-Class Package Service price for the piece multiplied by a factor of 2.472.

Emerging and Advanced Technology Promotion: Flats Only (March 1, 202019 to August 31, 202019)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion: Flats Only (April 1, 202019 to June 30, 202019)

Provide a \$0.023 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and Share Mail pieces when the 202019 volume of those pieces for a registered mailer meets or exceeds 935 percent of the mailer's comparable volume count for the same period during 20198, for those mailers that were registered for the 20197 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a The \$0.023 per piece rebate also applies to

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

~~volume received by customers who did not participate in the 2017~~
~~promotion~~, without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Mobile Shopping Promotion: Flats Only (August 1, 202019 to December 31, 202019)

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (February 1, 202019 to July 31, 202019)

Informed Delivery Promotion (September 1, 202019 to November 30, 202019)

Provide a 2 percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route***1215 Carrier Route**

1215.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion: Letters and Flats Only (March 1, 202019 to August 31, 202019)
- Earned Value Reply Mail Promotion: Letters and Flats Only (April 1, 202019 to June 30, 202019)
- Mobile Shopping Promotion: Letters and Flats Only (August 1, 202019 to December 31, 202019)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (February 1, 202019 to July 31, 202019)
- Informed Delivery Promotion (September 1, 202019 to November 30, 202019)

1215.6 Prices

Carrier Route Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.294	0.209
DNDC	<u>0.271</u>	<u>0.186</u>
DSCF	<u>0.265</u>	<u>0.180</u>

USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route

Carrier Route Flats (4.0 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallet	Other	5-Digit Pallet	Other	
Origin	<u>0.283</u>	<u>0.302</u>	<u>0.199</u>	<u>0.218</u>	
DNDC	<u>0.252</u>	<u>0.271</u>	<u>0.168</u>	<u>0.187</u>	
DSCF	<u>0.246</u>	<u>0.265</u>	<u>0.162</u>	<u>0.181</u>	
DDU	<u>0.235</u>	<u>0.254</u>	<u>0.151</u>	<u>0.170</u>	

Carrier Route Flats (greater than 4.0 ounces)

a. Per Piece

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	<u>0.107</u>	<u>0.126</u>	<u>0.065</u>	<u>0.084</u>	
DNDC	<u>0.107</u>	<u>0.126</u>	<u>0.065</u>	<u>0.084</u>	
DSCF	<u>0.107</u>	<u>0.126</u>	<u>0.065</u>	<u>0.084</u>	
DDU	<u>0.107</u>	<u>0.126</u>	<u>0.065</u>	<u>0.084</u>	

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	<u>0.705</u>	<u>0.705</u>	<u>0.535</u>	<u>0.535</u>	
DNDC	0.580	0.580	0.410	0.410	
DSCF	<u>0.554</u>	<u>0.554</u>	<u>0.384</u>	<u>0.384</u>	
DDU	0.511	0.511	0.341	0.341	

*USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route*

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.45~~6~~ per piece, forwarded flats pay \$1.39~~53~~ per piece, and forwarded parcels pay \$4.56~~3~~ per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail or First-Class Package Service price for the piece multiplied by a factor of 2.472.

*Emerging and Advanced Technology Promotion: Letters and Flats Only
(March 1, 20~~20~~19 to August 31, 20~~20~~19)*

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion: Letters and Flats Only (April 1, 20~~20~~19 to June 30, 20~~20~~19)

Provide a \$0.02~~3~~ per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and Share Mail pieces when the 20~~20~~19 volume of those pieces for a registered mailer meets or exceeds 93~~5~~ percent of the mailer's comparable volume count for the same period during 2019~~8~~, for those mailers that were registered for the 2019~~7~~ Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a The \$0.02~~3~~ per piece rebate also applies to volume received by customers who did not participate in the 2017 promotion, without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the

*USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route*

rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Mobile Shopping Promotion: Letters and Flats Only (August 1, 202019 to December 31, 202019)

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion:
Letters and Flats Only (February 1, 202019 to July 31, 202019)*

Informed Delivery Promotion (September 1, 202019 to November 30, 202019)

Provide a 2 percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)
Letters***1220 Letters**

1220.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion (March 1, 202019 to August 31, 202019)
- Earned Value Reply Mail Promotion (April 1, 202019 to June 30, 202019)
- Mobile Shopping Promotion (August 1, 202019 to December 31, 202019)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 202019 to July 31, 202019)
- Informed Delivery Promotion (September 1, 202019 to November 30, 202019)

1220.6 Prices

Automation Letters (3.5 ounces or less)

Entry Point	Commercial			Nonprofit		
	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.259</u>	<u>0.284</u>	<u>0.299</u>	0.138	0.163	<u>0.178</u>
DNDC	<u>0.239</u>	<u>0.264</u>	<u>0.279</u>	<u>0.118</u>	<u>0.143</u>	<u>0.158</u>
DSCF	<u>0.233</u>	<u>0.258</u>	n/a	<u>0.112</u>	<u>0.137</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Letters**Machinable Letters (3.5 ounces or less)*

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.295</u>	<u>0.305</u>	0.174	0.184
DNDC	<u>0.275</u>	<u>0.285</u>	<u>0.154</u>	<u>0.164</u>
DSCF	<u>0.269</u>	n/a	<u>0.148</u>	n/a

Nonmachinable Letters (4.0 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.539</u>	<u>0.607</u>	<u>0.629</u>	<u>0.702</u>	<u>0.418</u>	<u>0.486</u>	<u>0.508</u>	<u>0.581</u>
DNDC	<u>0.519</u>	<u>0.587</u>	<u>0.609</u>	<u>0.682</u>	<u>0.398</u>	<u>0.466</u>	<u>0.488</u>	<u>0.561</u>
DSCF	<u>0.513</u>	<u>0.581</u>	<u>0.603</u>	n/a	<u>0.392</u>	<u>0.460</u>	<u>0.482</u>	n/a

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.456 per piece. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

Emerging and Advanced Technology Promotion (March 1, 2020 to August 31, 2020)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established

*USPS Marketing Mail (Commercial and Nonprofit)
Letters*

program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (April 1, 2020~~19~~ to June 30, 2020~~19~~)

Provide a \$0.02~~3~~ per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and Share Mail pieces when the 2020~~19~~ volume of those pieces for a registered mailer meets or exceeds 93~~5~~ percent of the mailer's comparable volume count for the same period during 2019~~18~~, for those mailers that were registered for the 2019~~17~~ Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a The \$0.02~~3~~ per piece rebate also applies to volume received by customers who did not participate in the 2017 promotion, without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 2020~~19~~ to December 31, 2020~~19~~)

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2020~~19~~ to July 31, 2020~~19~~)*

Informed Delivery Promotion (September 1, 2020~~19~~ to November 30, 2020~~19~~)

Provide a 2 percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a

*USPS Marketing Mail (Commercial and Nonprofit)
Letters*

component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

1225

Flats

1225.5

Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion (March 1, 202019 to August 31, 202019)
- Earned Value Reply Mail Promotion (April 1, 202019 to June 30, 202019)
- Mobile Shopping Promotion (August 1, 202019 to December 31, 202019)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 202019 to July 31, 202019)
- Informed Delivery Promotion (September 1, 202019 to November 30, 202019)

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

1225.6 Prices

Automation Flats (4.0 ounces or less)

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.418</u>	<u>0.543</u>	<u>0.608</u>	<u>0.666</u>
DNDC	<u>0.375</u>	<u>0.500</u>	<u>0.565</u>	<u>0.623</u>
DSCF	<u>0.364</u>	<u>0.489</u>	<u>0.554</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.240</u>	<u>0.365</u>	<u>0.430</u>	<u>0.488</u>
DNDC	<u>0.197</u>	<u>0.322</u>	<u>0.387</u>	<u>0.445</u>
DSCF	<u>0.186</u>	<u>0.311</u>	<u>0.376</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Flats**Automation Flats (greater than 4.0 ounces)*

a. Per Piece

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.184</u>	<u>0.309</u>	<u>0.374</u>	<u>0.432</u>
DNDC	<u>0.184</u>	<u>0.309</u>	<u>0.374</u>	<u>0.432</u>
DSCF	<u>0.184</u>	<u>0.309</u>	<u>0.374</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.042</u>	<u>0.167</u>	<u>0.232</u>	<u>0.290</u>
DNDC	<u>0.042</u>	<u>0.167</u>	<u>0.232</u>	<u>0.290</u>
DSCF	<u>0.042</u>	<u>0.167</u>	<u>0.232</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

b. Per Pound

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.935</u>	<u>0.935</u>	<u>0.935</u>	<u>0.935</u>
DNDC	<u>0.763</u>	<u>0.763</u>	<u>0.763</u>	<u>0.763</u>
DSCF	<u>0.719</u>	<u>0.719</u>	<u>0.719</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.793</u>	<u>0.793</u>	<u>0.793</u>	<u>0.793</u>
DNDC	<u>0.621</u>	<u>0.621</u>	<u>0.621</u>	<u>0.621</u>
DSCF	<u>0.577</u>	<u>0.577</u>	<u>0.577</u>	n/a

Nonautomation Flats (4.0 ounces or less)

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.501</u>	<u>0.594</u>	<u>0.650</u>	<u>0.685</u>
DNDC	<u>0.458</u>	<u>0.551</u>	<u>0.607</u>	<u>0.642</u>
DSCF	<u>0.447</u>	<u>0.540</u>	<u>0.596</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.323</u>	<u>0.416</u>	<u>0.472</u>	<u>0.507</u>
DNDC	<u>0.280</u>	<u>0.373</u>	<u>0.429</u>	<u>0.464</u>
DSCF	<u>0.269</u>	<u>0.362</u>	<u>0.418</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Flats**Nonautomation Flats (greater than 4.0 ounces)*

a. Per Piece

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.267</u>	<u>0.360</u>	<u>0.416</u>	<u>0.451</u>
DNDC	<u>0.267</u>	<u>0.360</u>	<u>0.416</u>	<u>0.451</u>
DSCF	<u>0.267</u>	<u>0.360</u>	<u>0.416</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.125</u>	<u>0.218</u>	<u>0.274</u>	<u>0.309</u>
DNDC	<u>0.125</u>	<u>0.218</u>	<u>0.274</u>	<u>0.309</u>
DSCF	<u>0.125</u>	<u>0.218</u>	<u>0.274</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

b. Per Pound

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.935</u>	<u>0.935</u>	<u>0.935</u>	<u>0.935</u>
DNDC	<u>0.763</u>	<u>0.763</u>	<u>0.763</u>	<u>0.763</u>
DSCF	<u>0.719</u>	<u>0.719</u>	<u>0.719</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.793</u>	<u>0.793</u>	<u>0.793</u>	<u>0.793</u>
DNDC	<u>0.621</u>	<u>0.621</u>	<u>0.621</u>	<u>0.621</u>
DSCF	<u>0.577</u>	<u>0.577</u>	<u>0.577</u>	n/a

Customized MarketMail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.480</u>	<u>0.355</u>

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay \$~~1.3953~~ per piece. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

*USPS Marketing Mail (Commercial and Nonprofit)
Flats**Emerging and Advanced Technology Promotion (March 1, 202019 to August 31, 202019)*

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (April 1, 202019 to June 30, 202019)

Provide a \$0.023-per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and Share Mail pieces when the 202019 volume of those pieces for a registered mailer meets or exceeds 935 percent of the mailer's comparable volume count for the same period during 20198, for those mailers that were registered for the 20197 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a The \$0.023 per piece rebate ~~also applies to volume received by customers who did not participate in the 2017 promotion~~, without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 202019 to December 31, 202019)

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 202019 to July 31, 202019)*

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

*Informed Delivery Promotion (September 1, ~~2020~~²⁰¹⁹ to November 30,
~~2020~~²⁰¹⁹)*

Provide a 2 percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels***1230 Parcels**

1230.6 Prices

Marketing Parcels (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.322</u>	<u>1.684</u>	n/a	n/a	<u>1.185</u>	<u>1.547</u>
DNDC	<u>0.837</u>	<u>0.939</u>	<u>1.271</u>	n/a	<u>0.700</u>	<u>0.802</u>	<u>1.134</u>	n/a
DSCF	<u>0.786</u>	<u>0.888</u>	n/a	n/a	<u>0.649</u>	<u>0.751</u>	n/a	n/a
DDU	<u>0.741</u>	n/a	n/a	n/a	<u>0.604</u>	n/a	n/a	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels**Marketing Parcels (greater than 3.3 ounces)*

a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.649</u>	<u>0.751</u>	<u>1.083</u>	<u>1.445</u>	<u>0.555</u>	<u>0.657</u>	<u>0.989</u>	<u>1.351</u>

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.161</u>	<u>1.161</u>	n/a	n/a	<u>0.952</u>	<u>0.952</u>
DNDC	<u>0.913</u>	<u>0.913</u>	<u>0.913</u>	n/a	<u>0.704</u>	<u>0.704</u>	<u>0.704</u>	n/a
DSCF	<u>0.664</u>	<u>0.664</u>	n/a	n/a	<u>0.455</u>	<u>0.455</u>	n/a	n/a
DDU	0.445	n/a	n/a	n/a	0.236	n/a	n/a	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels**Nonprofit Machinable Parcels Prices (3.5 ounces or more)*

a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.697</u>	<u>1.009</u>	<u>1.421</u>

b. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	<u>1.084</u>	<u>1.084</u>
DNDC	<u>0.840</u>	<u>0.840</u>	n/a
DSCF	<u>0.571</u>	n/a	n/a
DDU	<u>0.364</u>	n/a	n/a

Nonprofit Irregular Parcels (3.3 ounces or less)

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>1.506</u>	<u>1.756</u>
DNDC	<u>0.870</u>	<u>1.053</u>	<u>1.455</u>	n/a
DSCF	<u>0.815</u>	<u>0.998</u>	n/a	n/a
DDU	<u>0.772</u>	n/a	n/a	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels**Nonprofit Irregular Parcels (greater than 3.3 ounces)*

a. Per Piece

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.697</u>	<u>0.880</u>	<u>1.282</u>	<u>1.532</u>

b. Per Pound

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>1.084</u>	<u>1.084</u>
DNDC	<u>0.840</u>	<u>0.840</u>	<u>0.840</u>	n/a
DSCF	<u>0.571</u>	<u>0.571</u>	n/a	n/a
DDU	<u>0.364</u>	n/a	n/a	n/a

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded parcels pay \$4.~~56~~3 per piece. All other parcels requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Package Service or Priority Mail price for the piece multiplied by a factor of 2.472.

Non-barcoded Parcels Surcharge

For non-barcoded parcels, add \$0.05449 per piece. The surcharge does not apply to pieces sorted to 5-Digit ZIP Codes.

*USPS Marketing Mail (Commercial and Nonprofit)
Every Door Direct Mail—Retail***1235 Every Door Direct Mail—Retail**

1235.6 Prices

Saturation Flats (3.3 ounces or less)

Entry Point	(\$)
DDU	<u>0.191</u>

Periodicals
*In-County Periodicals***1300**

Periodicals**1305**

In-County Periodicals

1305.6 Prices

In-County Automation

a. Pound Prices (per pound or fraction thereof)

b. Piece Prices (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	<u>0.057</u>	0.117
3-Digit	<u>0.067</u>	0.145
Basic	<u>0.072</u>	0.156

In-County Nonautomation

a. Pound Prices (per pound or fraction thereof)

*Periodicals
In-County Periodicals*

b. Piece Prices (per addressed piece)

Presort Level	Letters, Flats, and Parcels (\$)
Carrier Route Saturation	<u>0.038</u>
Carrier Route High Density	<u>0.051</u>
Carrier Route Basic	<u>0.068</u>
5-Digit	<u>0.146</u>
3-Digit	<u>0.176</u>
Basic	<u>0.195</u>

In-County Periodicals including a Ride-Along piece

Add \$0.1789 for a Ride-Along item enclosed with or attached to an In-County Periodical.

*Periodicals
Outside County Periodicals***1310 Outside County Periodicals**

1310.6 Prices

Piece Price (per addressed piece)

a. Carrier Route Letters, Flats, and Parcels

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	0.159
High Density	<u>0.173</u>
Basic	<u>0.206</u>

b. Barcoded Letters

Bundle Level	Barcoded Letters (\$)
5-Digit	<u>0.304</u>
3-Digit/SCF	<u>0.325</u>
ADC	0.328
Mixed ADC	0.341

c. Machinable Flats and Nonbarcoded Letters

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Nonbarcoded Letters (\$)
5-Digit	<u>0.323</u>	<u>0.346</u>	<u>0.346</u>
3-Digit/SCF	<u>0.424</u>	<u>0.454</u>	<u>0.454</u>
ADC	<u>0.472</u>	<u>0.510</u>	<u>0.510</u>
Mixed ADC	<u>0.527</u>	<u>0.578</u>	<u>0.578</u>

*Periodicals
Outside County Periodicals*

d. Nonmachinable Flats and Parcels

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Parcels (\$)
5-Digit	<u>0.472</u>	<u>0.476</u>	<u>0.476</u>
3-Digit/SCF	<u>0.566</u>	<u>0.567</u>	<u>0.567</u>
ADC	<u>0.609</u>	<u>0.613</u>	<u>0.613</u>
Mixed ADC	<u>0.721</u>	<u>0.721</u>	<u>0.721</u>

Bundle Prices (per bundle)

Bundle Level	Container Level				
	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	<u>0.134</u>	<u>0.134</u>	<u>0.351</u>	<u>0.416</u>	<u>0.534</u>
Carrier Route	<u>0.182</u>	<u>0.182</u>	<u>0.636</u>	<u>0.861</u>	<u>1.085</u>
5-Digit		<u>0.378</u>	<u>0.444</u>	<u>0.549</u>	0.797
3-Digit/SFC			<u>0.380</u>	0.500	0.764
ADC				0.393	0.646
Mixed ADC					0.214

*Periodicals
Outside County Periodicals**Container Prices (per pallet, tray, or sack)*

a. Pallet Container

Entry Point	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	<u>3.056</u>				
DSCF	<u>27.559</u>	<u>44.356</u>	<u>27.435</u>		
DADC	<u>48.593</u>	<u>65.593</u>	<u>49.690</u>	<u>27.957</u>	
DNDC	<u>51.772</u>	<u>68.772</u>	<u>51.728</u>	<u>50.256</u>	
Origin	<u>74.425</u>	<u>90.425</u>	73.410	<u>70.449</u>	<u>9.941</u>

b. Tray or Sack Container

Entry Point	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	<u>1.423</u>			
DSCF	<u>2.121</u>	<u>1.238</u>		
DADC	<u>2.665</u>	<u>2.061</u>	<u>1.188</u>	
DNDC	<u>2.903</u>	<u>2.148</u>	<u>2.043</u>	
Origin	<u>3.943</u>	<u>3.085</u>	<u>3.029</u>	<u>0.825</u>

Outside County Periodicals including a Ride-Along piece

Add \$0.1789 for a Ride-Along item enclosed with or attached to an Outside County Periodical.

Package Services
*Alaska Bypass***1400** **Package Services**

1405 **Alaska Bypass Service**

1405.4 Price Categories

- Alaska Bypass
 - Zones 1-2~~3~~

1405.6 Prices

Alaska Bypass

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)
70	<u>26.59</u>	31.89

*Package Services
Bound Printed Matter Flats***1415 Bound Printed Matter Flats**

1415.6 Prices

Carrier Route

1. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.394</u>	<u>0.575</u>	<u>1.029</u>	<u>1.029</u>	<u>1.029</u>	<u>1.029</u>
Per Pound	<u>0.022</u>	<u>0.036</u>	<u>0.064</u>	<u>0.099</u>	<u>0.130</u>	<u>0.232</u>

2. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.128</u>	<u>1.128</u>	<u>1.128</u>	<u>1.128</u>	<u>1.128</u>	<u>1.128</u>	<u>1.128</u>
Per Pound	0.138	0.149	0.202	0.257	0.329	0.372	0.500

*Package Services
Bound Printed Matter Flats**Presorted*

1. Destination Entry¹

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.540</u>	<u>0.721</u>	<u>1.175</u>	<u>1.175</u>	<u>1.175</u>	<u>1.175</u>
Per Pound	<u>0.022</u>	<u>0.036</u>	<u>0.064</u>	<u>0.099</u>	<u>0.130</u>	<u>0.232</u>

2. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.274</u>	<u>1.274</u>	<u>1.274</u>	<u>1.274</u>	<u>1.274</u>	<u>1.274</u>	<u>1.274</u>
Per Pound	0.138	0.149	0.202	0.257	0.329	0.372	0.500

*Package Services
Bound Printed Matter Flats**Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>2.00</u>	<u>2.05</u>	<u>2.11</u>	<u>2.20</u>	<u>2.30</u>	<u>2.36</u>	<u>2.56</u>
1.5	<u>2.01</u>	<u>2.06</u>	<u>2.12</u>	<u>2.21</u>	<u>2.31</u>	<u>2.37</u>	<u>2.57</u>
2.0	<u>2.09</u>	<u>2.15</u>	<u>2.23</u>	<u>2.35</u>	<u>2.49</u>	<u>2.57</u>	<u>2.85</u>
2.5	<u>2.18</u>	<u>2.26</u>	<u>2.36</u>	<u>2.51</u>	<u>2.68</u>	<u>2.78</u>	<u>3.13</u>
3.0	<u>2.29</u>	<u>2.38</u>	<u>2.50</u>	<u>2.68</u>	<u>2.89</u>	<u>3.01</u>	<u>3.42</u>
3.5	<u>2.39</u>	<u>2.50</u>	<u>2.64</u>	<u>2.87</u>	<u>3.13</u>	<u>3.27</u>	<u>3.76</u>
4.0	<u>2.48</u>	<u>2.60</u>	<u>2.76</u>	<u>3.02</u>	<u>3.32</u>	<u>3.48</u>	<u>4.03</u>
4.5	<u>2.58</u>	<u>2.72</u>	<u>2.90</u>	<u>3.19</u>	<u>3.52</u>	<u>3.70</u>	<u>4.33</u>
5.0	<u>2.69</u>	<u>2.84</u>	<u>3.06</u>	<u>3.38</u>	<u>3.75</u>	<u>3.97</u>	<u>4.68</u>
6.0	<u>2.87</u>	<u>3.05</u>	<u>3.31</u>	<u>3.69</u>	<u>4.13</u>	<u>4.39</u>	<u>5.23</u>
7.0	<u>3.08</u>	<u>3.31</u>	<u>3.61</u>	<u>4.06</u>	<u>4.58</u>	<u>4.88</u>	<u>5.87</u>
8.0	<u>3.26</u>	<u>3.52</u>	<u>3.86</u>	<u>4.37</u>	<u>4.98</u>	<u>5.32</u>	<u>6.44</u>
9.0	<u>3.46</u>	<u>3.75</u>	<u>4.14</u>	<u>4.73</u>	<u>5.41</u>	<u>5.80</u>	<u>7.08</u>
10.0	<u>3.65</u>	<u>3.97</u>	<u>4.40</u>	<u>5.06</u>	<u>5.82</u>	<u>6.25</u>	<u>7.66</u>
11.0	<u>3.86</u>	<u>4.22</u>	<u>4.69</u>	<u>5.41</u>	<u>6.24</u>	<u>6.71</u>	<u>8.26</u>
12.0	<u>4.04</u>	<u>4.43</u>	<u>4.94</u>	<u>5.72</u>	<u>6.62</u>	<u>7.13</u>	<u>8.81</u>
13.0	<u>4.24</u>	<u>4.66</u>	<u>5.21</u>	<u>6.05</u>	<u>7.02</u>	<u>7.57</u>	<u>9.38</u>
14.0	<u>4.43</u>	<u>4.88</u>	<u>5.47</u>	<u>6.37</u>	<u>7.42</u>	<u>8.01</u>	<u>9.95</u>
15.0	<u>4.64</u>	<u>5.13</u>	<u>5.79</u>	<u>6.78</u>	<u>7.92</u>	<u>8.58</u>	<u>10.70</u>

Forwarding-and-Return-Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay \$3.24~~7~~ per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate Bound Printed Matter Flats Nonpresorted price for the piece.

*Package Services
Bound Printed Matter Parcels***1420 Bound Printed Matter Parcels**

1420.6 Prices

Carrier Route

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.644</u>	<u>0.826</u>	<u>1.283</u>	<u>1.283</u>	<u>1.283</u>	<u>1.283</u>
Per Pound	<u>0.043</u>	<u>0.074</u>	<u>0.102</u>	<u>0.134</u>	<u>0.182</u>	<u>0.253</u>

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.386</u>	<u>1.386</u>	<u>1.386</u>	<u>1.386</u>	<u>1.386</u>	<u>1.386</u>	<u>1.386</u>
Per Pound	<u>0.190</u>	<u>0.226</u>	<u>0.275</u>	<u>0.340</u>	<u>0.415</u>	<u>0.479</u>	<u>0.626</u>

*Package Services
Bound Printed Matter Parcels**Presorted*

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.789</u>	<u>0.971</u>	<u>1.428</u>	<u>1.428</u>	<u>1.428</u>	<u>1.428</u>
Per Pound	<u>0.043</u>	<u>0.074</u>	<u>0.102</u>	<u>0.134</u>	<u>0.182</u>	<u>0.253</u>

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.531</u>	<u>1.531</u>	<u>1.531</u>	<u>1.531</u>	<u>1.531</u>	<u>1.531</u>	<u>1.531</u>
Per Pound	<u>0.190</u>	<u>0.226</u>	<u>0.275</u>	<u>0.340</u>	<u>0.415</u>	<u>0.479</u>	<u>0.626</u>

*Package Services
Bound Printed Matter Parcels**Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>2.71</u>	<u>2.77</u>	<u>2.83</u>	<u>2.92</u>	<u>3.04</u>	<u>3.10</u>	<u>3.31</u>
1.5	<u>2.76</u>	<u>2.83</u>	<u>2.89</u>	<u>2.98</u>	<u>3.10</u>	<u>3.17</u>	<u>3.38</u>
2.0	<u>2.84</u>	<u>2.92</u>	<u>3.00</u>	<u>3.12</u>	<u>3.28</u>	<u>3.36</u>	<u>3.66</u>
2.5	<u>2.96</u>	<u>3.06</u>	<u>3.16</u>	<u>3.31</u>	<u>3.52</u>	<u>3.62</u>	<u>3.99</u>
3.0	<u>3.09</u>	<u>3.21</u>	<u>3.33</u>	<u>3.51</u>	<u>3.76</u>	<u>3.88</u>	<u>4.33</u>
3.5	<u>3.24</u>	<u>3.38</u>	<u>3.52</u>	<u>3.74</u>	<u>4.04</u>	<u>4.18</u>	<u>4.71</u>
4.0	<u>3.36</u>	<u>3.52</u>	<u>3.68</u>	<u>3.93</u>	<u>4.27</u>	<u>4.43</u>	<u>5.04</u>
4.5	<u>3.48</u>	<u>3.66</u>	<u>3.84</u>	<u>4.13</u>	<u>4.51</u>	<u>4.69</u>	<u>5.37</u>
5.0	<u>3.61</u>	<u>3.82</u>	<u>4.03</u>	<u>4.35</u>	<u>4.77</u>	<u>4.98</u>	<u>5.73</u>
6.0	<u>3.87</u>	<u>4.13</u>	<u>4.39</u>	<u>4.78</u>	<u>5.29</u>	<u>5.55</u>	<u>6.45</u>
7.0	<u>4.14</u>	<u>4.44</u>	<u>4.74</u>	<u>5.19</u>	<u>5.80</u>	<u>6.10</u>	<u>7.15</u>
8.0	<u>4.39</u>	<u>4.73</u>	<u>5.07</u>	<u>5.59</u>	<u>6.28</u>	<u>6.62</u>	<u>7.82</u>
9.0	<u>4.65</u>	<u>5.04</u>	<u>5.43</u>	<u>6.02</u>	<u>6.80</u>	<u>7.19</u>	<u>8.55</u>
10.0	<u>4.90</u>	<u>5.33</u>	<u>5.76</u>	<u>6.41</u>	<u>7.27</u>	<u>7.70</u>	<u>9.20</u>
11.0	<u>5.18</u>	<u>5.66</u>	<u>6.14</u>	<u>6.86</u>	<u>7.82</u>	<u>8.30</u>	<u>9.97</u>
12.0	<u>5.42</u>	<u>5.94</u>	<u>6.46</u>	<u>7.24</u>	<u>8.28</u>	<u>8.80</u>	<u>10.62</u>
13.0	<u>5.68</u>	<u>6.24</u>	<u>6.80</u>	<u>7.64</u>	<u>8.76</u>	<u>9.32</u>	<u>11.28</u>
14.0	<u>5.95</u>	<u>6.56</u>	<u>7.17</u>	<u>8.08</u>	<u>9.28</u>	<u>9.89</u>	<u>12.01</u>
15.0	<u>6.21</u>	<u>6.86</u>	<u>7.51</u>	<u>8.48</u>	<u>9.79</u>	<u>10.44</u>	<u>12.72</u>

Pickup On Demand Service

Add \$234.00 for each Pickup On Demand stop.

*Package Services
Media Mail/Library Mail***1425 Media Mail/Library Mail**

1425.6 Prices

Media Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>2.10</u>	<u>2.67</u>	<u>2.80</u>
2	<u>2.63</u>	<u>3.20</u>	<u>3.33</u>
3	<u>3.16</u>	<u>3.73</u>	<u>3.86</u>
4	<u>3.69</u>	<u>4.26</u>	<u>4.39</u>
5	<u>4.22</u>	<u>4.79</u>	<u>4.92</u>
6	<u>4.75</u>	<u>5.32</u>	<u>5.45</u>
7	<u>5.28</u>	<u>5.85</u>	<u>5.98</u>
8	<u>5.82</u>	<u>6.39</u>	<u>6.52</u>
9	<u>6.36</u>	<u>6.93</u>	<u>7.06</u>
10	<u>6.90</u>	<u>7.47</u>	<u>7.60</u>
11	<u>7.44</u>	<u>8.01</u>	<u>8.14</u>
12	<u>7.98</u>	<u>8.55</u>	<u>8.68</u>
13	<u>8.52</u>	<u>9.09</u>	<u>9.22</u>
14	<u>9.06</u>	<u>9.63</u>	<u>9.76</u>
15	<u>9.60</u>	<u>10.17</u>	<u>10.30</u>
16	<u>10.14</u>	<u>10.71</u>	<u>10.84</u>
17	<u>10.68</u>	<u>11.25</u>	<u>11.38</u>
18	<u>11.22</u>	<u>11.79</u>	<u>11.92</u>
19	<u>11.76</u>	<u>12.33</u>	<u>12.46</u>
20	<u>12.30</u>	<u>12.87</u>	<u>13.00</u>
21	<u>12.84</u>	<u>13.41</u>	<u>13.54</u>
22	<u>13.38</u>	<u>13.95</u>	<u>14.08</u>
23	<u>13.92</u>	<u>14.49</u>	<u>14.62</u>
24	<u>14.46</u>	<u>15.03</u>	<u>15.16</u>
25	<u>15.00</u>	<u>15.57</u>	<u>15.70</u>

*Package Services
Media Mail/Library Mail**Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>15.54</u>	<u>16.11</u>	<u>16.24</u>
27	<u>16.08</u>	<u>16.65</u>	<u>16.78</u>
28	<u>16.62</u>	<u>17.19</u>	<u>17.32</u>
29	<u>17.16</u>	<u>17.73</u>	<u>17.86</u>
30	<u>17.70</u>	<u>18.27</u>	<u>18.40</u>
31	<u>18.24</u>	<u>18.81</u>	<u>18.94</u>
32	<u>18.78</u>	<u>19.35</u>	<u>19.48</u>
33	<u>19.32</u>	<u>19.89</u>	<u>20.02</u>
34	<u>19.86</u>	<u>20.43</u>	<u>20.56</u>
35	<u>20.40</u>	<u>20.97</u>	<u>21.10</u>
36	<u>20.94</u>	<u>21.51</u>	<u>21.64</u>
37	<u>21.48</u>	<u>22.05</u>	<u>22.18</u>
38	<u>22.02</u>	<u>22.59</u>	<u>22.72</u>
39	<u>22.56</u>	<u>23.13</u>	<u>23.26</u>
40	<u>23.10</u>	<u>23.67</u>	<u>23.80</u>
41	<u>23.64</u>	<u>24.21</u>	<u>24.34</u>
42	<u>24.18</u>	<u>24.75</u>	<u>24.88</u>
43	<u>24.72</u>	<u>25.29</u>	<u>25.42</u>
44	<u>25.26</u>	<u>25.83</u>	<u>25.96</u>
45	<u>25.80</u>	<u>26.37</u>	<u>26.50</u>
46	<u>26.34</u>	<u>26.91</u>	<u>27.04</u>
47	<u>26.88</u>	<u>27.45</u>	<u>27.58</u>
48	<u>27.42</u>	<u>27.99</u>	<u>28.12</u>
49	<u>27.96</u>	<u>28.53</u>	<u>28.66</u>
50	<u>28.50</u>	<u>29.07</u>	<u>29.20</u>

*Package Services
Media Mail/Library Mail**Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>29.04</u>	<u>29.61</u>	<u>29.74</u>
52	<u>29.58</u>	<u>30.15</u>	<u>30.28</u>
53	<u>30.12</u>	<u>30.69</u>	<u>30.82</u>
54	<u>30.66</u>	<u>31.23</u>	<u>31.36</u>
55	<u>31.20</u>	<u>31.77</u>	<u>31.90</u>
56	<u>31.74</u>	<u>32.31</u>	<u>32.44</u>
57	<u>32.28</u>	<u>32.85</u>	<u>32.98</u>
58	<u>32.82</u>	<u>33.39</u>	<u>33.52</u>
59	<u>33.36</u>	<u>33.93</u>	<u>34.06</u>
60	<u>33.90</u>	<u>34.47</u>	<u>34.60</u>
61	<u>34.44</u>	<u>35.01</u>	<u>35.14</u>
62	<u>34.98</u>	<u>35.55</u>	<u>35.68</u>
63	<u>35.52</u>	<u>36.09</u>	<u>36.22</u>
64	<u>36.06</u>	<u>36.63</u>	<u>36.76</u>
65	<u>36.60</u>	<u>37.17</u>	<u>37.30</u>
66	<u>37.14</u>	<u>37.71</u>	<u>37.84</u>
67	<u>37.68</u>	<u>38.25</u>	<u>38.38</u>
68	<u>38.22</u>	<u>38.79</u>	<u>38.92</u>
69	<u>38.76</u>	<u>39.33</u>	<u>39.46</u>
70	<u>39.30</u>	<u>39.87</u>	<u>40.00</u>

*Package Services
Media Mail/Library Mail**Library Mail*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>2.00</u>	<u>2.54</u>	<u>2.66</u>
2	<u>2.50</u>	<u>3.04</u>	<u>3.16</u>
3	<u>3.00</u>	<u>3.54</u>	<u>3.66</u>
4	<u>3.50</u>	<u>4.04</u>	<u>4.16</u>
5	<u>4.00</u>	<u>4.54</u>	<u>4.66</u>
6	<u>4.50</u>	<u>5.04</u>	<u>5.16</u>
7	<u>5.00</u>	<u>5.54</u>	<u>5.66</u>
8	<u>5.51</u>	<u>6.05</u>	<u>6.17</u>
9	<u>6.02</u>	<u>6.56</u>	<u>6.68</u>
10	<u>6.53</u>	<u>7.07</u>	<u>7.19</u>
11	<u>7.04</u>	<u>7.58</u>	<u>7.70</u>
12	<u>7.55</u>	<u>8.09</u>	<u>8.21</u>
13	<u>8.06</u>	<u>8.60</u>	<u>8.72</u>
14	<u>8.57</u>	<u>9.11</u>	<u>9.23</u>
15	<u>9.08</u>	<u>9.62</u>	<u>9.74</u>
16	<u>9.59</u>	<u>10.13</u>	<u>10.25</u>
17	<u>10.10</u>	<u>10.64</u>	<u>10.76</u>
18	<u>10.61</u>	<u>11.15</u>	<u>11.27</u>
19	<u>11.12</u>	<u>11.66</u>	<u>11.78</u>
20	<u>11.63</u>	<u>12.17</u>	<u>12.29</u>
21	<u>12.14</u>	<u>12.68</u>	<u>12.80</u>
22	<u>12.65</u>	<u>13.19</u>	<u>13.31</u>
23	<u>13.16</u>	<u>13.70</u>	<u>13.82</u>
24	<u>13.67</u>	<u>14.21</u>	<u>14.33</u>
25	<u>14.18</u>	<u>14.72</u>	<u>14.84</u>

*Package Services
Media Mail/Library Mail**Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>14.69</u>	<u>15.23</u>	<u>15.35</u>
27	<u>15.20</u>	<u>15.74</u>	<u>15.86</u>
28	<u>15.71</u>	<u>16.25</u>	<u>16.37</u>
29	<u>16.22</u>	<u>16.76</u>	<u>16.88</u>
30	<u>16.73</u>	<u>17.27</u>	<u>17.39</u>
31	<u>17.24</u>	<u>17.78</u>	<u>17.90</u>
32	<u>17.75</u>	<u>18.29</u>	<u>18.41</u>
33	<u>18.26</u>	<u>18.80</u>	<u>18.92</u>
34	<u>18.77</u>	<u>19.31</u>	<u>19.43</u>
35	<u>19.28</u>	<u>19.82</u>	<u>19.94</u>
36	<u>19.79</u>	<u>20.33</u>	<u>20.45</u>
37	<u>20.30</u>	<u>20.84</u>	<u>20.96</u>
38	<u>20.81</u>	<u>21.35</u>	<u>21.47</u>
39	<u>21.32</u>	<u>21.86</u>	<u>21.98</u>
40	<u>21.83</u>	<u>22.37</u>	<u>22.49</u>
41	<u>22.34</u>	<u>22.88</u>	<u>23.00</u>
42	<u>22.85</u>	<u>23.39</u>	<u>23.51</u>
43	<u>23.36</u>	<u>23.90</u>	<u>24.02</u>
44	<u>23.87</u>	<u>24.41</u>	<u>24.53</u>
45	<u>24.38</u>	<u>24.92</u>	<u>25.04</u>
46	<u>24.89</u>	<u>25.43</u>	<u>25.55</u>
47	<u>25.40</u>	<u>25.94</u>	<u>26.06</u>
48	<u>25.91</u>	<u>26.45</u>	<u>26.57</u>
49	<u>26.42</u>	<u>26.96</u>	<u>27.08</u>
50	<u>26.93</u>	<u>27.47</u>	<u>27.59</u>

*Package Services
Media Mail/Library Mail**Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>27.44</u>	<u>27.98</u>	<u>28.10</u>
52	<u>27.95</u>	<u>28.49</u>	<u>28.61</u>
53	<u>28.46</u>	<u>29.00</u>	<u>29.12</u>
54	<u>28.97</u>	<u>29.51</u>	<u>29.63</u>
55	<u>29.48</u>	<u>30.02</u>	<u>30.14</u>
56	<u>29.99</u>	<u>30.53</u>	<u>30.65</u>
57	<u>30.50</u>	<u>31.04</u>	<u>31.16</u>
58	<u>31.01</u>	<u>31.55</u>	<u>31.67</u>
59	<u>31.52</u>	<u>32.06</u>	<u>32.18</u>
60	<u>32.03</u>	<u>32.57</u>	<u>32.69</u>
61	<u>32.54</u>	<u>33.08</u>	<u>33.20</u>
62	<u>33.05</u>	<u>33.59</u>	<u>33.71</u>
63	<u>33.56</u>	<u>34.10</u>	<u>34.22</u>
64	<u>34.07</u>	<u>34.61</u>	<u>34.73</u>
65	<u>34.58</u>	<u>35.12</u>	<u>35.24</u>
66	<u>35.09</u>	<u>35.63</u>	<u>35.75</u>
67	<u>35.60</u>	<u>36.14</u>	<u>36.26</u>
68	<u>36.11</u>	<u>36.65</u>	<u>36.77</u>
69	<u>36.62</u>	<u>37.16</u>	<u>37.28</u>
70	<u>37.13</u>	<u>37.67</u>	<u>37.79</u>

*Pickup On Demand Service*Add \$~~23~~4.00 for each Pickup On Demand stop.

Special Services
Ancillary Services

1500

Special Services

1500.2

Products Included in Class

- Ancillary Services (1505)

○ ~~Merchandise Return Service (1505.10)~~

Special Services
*Ancillary Services***1505 Ancillary Services****1505.1 Address Correction Service**

1505.1.2 Prices

	(\$)
Manual correction, each	
First-Class Mail or First-Class Package Service piece, on-piece correction only	0.00
Other	<u>0.62</u>
Electronic correction, each	
First-Class Mail or First-Class Package Service piece	<u>0.14</u>
Other	<u>0.32</u>
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	<u>0.08</u>
Additional notices, for a given address change, each	<u>0.15</u>
USPS Marketing Mail piece	
First two notices, for a given address change, each	<u>0.11</u>
Additional notices, for a given address change, each	<u>0.28</u>
Full-service correction, each	0.00

*Special Services
Ancillary Services***1505.2 Applications and Mailing Permits**

1505.2.2 Prices

	(\$)
First-Class Mail Presort Mailing Fee (per year)	<u>240.00</u>
USPS Marketing Mail Mailing Fee (per year)	<u>240.00</u>
Periodicals Application Fees (one-time only for each)	
A. Original Entry	<u>740.00</u>
B. Re-entry	<u>90.00</u>
C. Registration for News Agents	<u>90.00</u>
Bound Printed Matter: Destination Entry Mailing Fee (per year) ¹	<u>240.00</u>
Application to Use Permit Imprint (one-time only)	<u>240.00</u>

*Special Services
Ancillary Services***1505.3 Business Reply Mail**

1505.3.2 Prices

	(\$)
Permit (All categories)	<u>240.00¹</u>
Regular (no account maintenance fee)	
Per-piece charge	<u>0.850</u>
Regular (with account maintenance fee)	
Account maintenance (per year)	<u>725.00</u>
Per-piece charge	<u>0.093</u>
Qualified Business Reply Mail, low-volume	
Account maintenance (per year)	<u>725.00</u>
Per-piece charge	<u>0.072</u>
Qualified Business Reply Mail, high-volume	
Account maintenance (per year)	<u>725.00</u>
Quarterly	<u>2,460.00</u>
Per-piece charge	<u>0.015</u>
Bulk Weight Averaged (Non-letters only)	
Account maintenance (per year)	<u>725.00</u>
Per-piece charge	<u>0.020</u>
Monthly maintenance	<u>1,200.00</u>

Special Services
*Ancillary Services***1505.4 Bulk Parcel Return Service**

1505.4.2 Prices

	(\$)
Per-piece charge	<u>3.50</u>

Special Services
Ancillary Services

1505.5 **Certified Mail**

1505.5.2 Prices

(Per piece)	(\$)
Certified Mail	<u>3.55</u>
Certified Mail with Restricted Delivery and/or Adult Signature	<u>9.00</u>

*Special Services
Ancillary Services***1505.6 Certificate of Mailing**

1505.6.2 Prices*Individual Piece Prices*

	(\$)
Original Certificate of Mailing, Form 3817, individual article presented at retail	<u>1.50</u>
Three or more pieces individually listed on Form 3665-Firm or USPS approved customer provided manifest (per piece listed)	<u>0.43</u>
Each additional copy of original Certificate of Mailing, or original mailing receipt (Form 3877) for Registered Mail, insured mail, Certified Mail, and COD mail (each copy)	<u>1.50</u>

Quantity of Pieces

	(\$)
Up to 1,000 identical-weight pieces (one Form 3606 for total number)	<u>8.75</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.09</u>
Each additional copy of the original Form 3606	<u>1.50</u>

*Special Services
Ancillary Services***1505.7 Collect on Delivery**

1505.7.2 Prices

(\$)		(\$)	(\$)
Amount to be collected, or insurance coverage desired, whichever is higher:			
7.85	to	50.00	<u>7.85</u>
9.80	to	100.00	<u>9.80</u>
11.85	to	200.00	<u>11.85</u>
13.90	to	300.00	<u>13.90</u>
15.95	to	400.00	<u>15.95</u>
18.00	to	500.00	<u>18.00</u>
20.05	to	600.00	<u>20.05</u>
22.10	to	700.00	<u>22.10</u>
24.15	to	800.00	<u>24.15</u>
26.20	to	900.00	<u>26.20</u>
28.25	to	1,000.00	<u>28.25</u>
Additional Fees for Optional Features:			
COD Restricted Delivery			<u>5.30</u>

*Special Services
Ancillary Services***1505.8 USPS Tracking**

1505.8.2 Prices

	(\$)
First-Class Package Service	
—Electronic	0.00
USPS Marketing Mail Parcels	
Electronic	<u>0.20</u>
Package Services	
—Returns with integrated retail system label	0.00
—Electronic	0.00
—Retail	0.00
Priority Mail	
—Electronic/Returns with integrated retail system label	0.00
—Retail	0.00
Parcel Select	
—Electronic	0.00
USPS Retail Ground	
—Electronic/Returns with integrated retail system label	0.00
—Retail	0.00

*Special Services
Ancillary Services***1505.9 Insurance**

1505.9.2 Prices*Merchandise Coverage^{1, 2, 3}*

(\$)		(\$)		(\$)
0.01	to	50.00		<u>2.25</u>
50.01	to	100.00		<u>2.85</u>
100.01	to	200.00		<u>3.55</u>
200.01	to	300.00		<u>4.70</u>
300.01	to	400.00		<u>5.90</u>
400.01	to	500.00		<u>7.10</u>
500.01	to	600.00		<u>9.55</u>
600.01	to	5,000.00		<u>9.55</u> plus <u>1.40</u> for each 100.00 or fraction thereof over 600.00
Additional Fee for Optional Feature				
Insurance Restricted Delivery				<u>5.30</u>

Notes

- Up to \$50.00 of Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode or retail tracking barcode. This does not apply to Priority Mail pieces sent using ~~Merchandise Return Service~~, Priority Mail Open and Distribute, or Premium Forwarding Service, or as non-prepaid returns.
- Up to \$100.00 of Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode and for which the mailer pays Commercial Plus prices or uses ePostage, Electronic Verification System, Hardcopy Manifest, or an approved Manifest Mailing System. This does not apply to Priority Mail pieces sent using ~~Merchandise Return Service~~, Priority Mail Open and Distribute, or Premium Forwarding Service, or as non-prepaid returns.

Special Services
*Ancillary Services***1505.10 — Merchandise Return Service****1505.10.1 — Description**

- a. ~~Merchandise Return Service enables a permit holder to authorize a mailer to send parcels with the postage and fees paid by the permit holder.~~
- b. ~~Merchandise Return Service is available for First-Class Package Service, Priority Mail, and certain ground return parcels at Parcel Select Ground prices.~~

1505.10.2 — Prices

	(\$)
Permit (per year)	0.00
Account maintenance (per year)	0.00
Per piece	0.00

*Special Services
Ancillary Services***1505.11 Parcel Airlift (PAL)**

1505.11.2 Prices

	(\$)
For pieces weighing:	
Not more than 2 pounds	<u>0.85</u>
Over 2 but not more than 3 pounds	<u>1.50</u>
Over 3 but not more than 4 pounds	<u>2.00</u>
Over 4 but not more than 30 pounds	<u>2.70</u>

*Special Services
Ancillary Services***1505.12 Registered Mail**

1505.12.2 Prices

(\$)		(\$)		(\$)
Declared Value:				
0.00				<u>12.60</u>
0.01	to	100.00		<u>13.20</u>
100.01	to	500.00		<u>15.25</u>
500.01	to	1,000.00		<u>16.95</u>
1,000.01	to	2,000.00		<u>18.65</u>
2,000.01	to	3,000.00		<u>20.35</u>
3,000.01	to	4,000.00		<u>22.05</u>
4,000.01	to	5,000.00		<u>23.75</u>
5,000.01	to	15,000,000.00		<u>23.75</u> plus <u>1.70</u> for each 1000.00 or fraction thereof over 5,000.00
Greater than		15,000,000.00		<u>25.515.25</u> plus amount determined by the Postal Service based on weight, space, and value
Additional Fees for Optional Features:				
Registered Mail Restricted Delivery				<u>5.30</u>
Registered COD				<u>6.00</u>

*Special Services
Ancillary Services*

1505.13 Return Receipt

1505.13.2 Prices

	(\$)
Original signature (hardcopy)	<u>2.85</u>
Copy of signature (electronic)	<u>1.70</u>

Special Services
Ancillary Services

1505.16 Shipper-Paid Forwarding/Return

1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	<u>725.00</u>

Special Services
*Ancillary Services***1505.17 Signature Confirmation**

1505.17.2 Prices

	(\$)
Electronic	<u>2.65</u>
Retail	<u>3.15</u>
Additional Fee for Optional Feature:	
Signature Confirmation Restricted Delivery	<u>5.30</u>

Special Services
Ancillary Services

1505.18 Special Handling

1505.18.2 Prices

	(\$)
Fragile	<u>11.15</u>

*Special Services
Ancillary Services***1505.19 Stamped Envelopes**

1505.19.2 Prices

	(\$)
Plain stamped envelopes	
Basic, size 6-3/4, each	0.14
Basic, size 6-3/4, 500	<u>18.15</u>
Basic, over size 6-3/4, each	0.14
Basic, over size 6-3/4, 500	<u>20.70</u>
Personalized stamped envelopes	
Basic, size 6-3/4, 50	<u>6.00</u>
Basic, size 6-3/4, 500	<u>27.95</u>
Basic, over size 6-3/4, 50	<u>6.00</u>
Basic, over size 6-3/4, 500	<u>31.70</u>
Additional Charges for premium options, per 50 envelopes	
Pressure-sensitive sealing	<u>5.45</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.10</u>
Window	<u>1.10</u>
Additional Charges for premium options, per 500 envelopes	
Pressure-sensitive sealing	<u>16.15</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.30</u>
Window	<u>2.30</u>

Special Services
Ancillary Services

	(\$)
Shipping—Boxes of 50	
1 box	<u>5.55</u>
2 boxes	<u>6.85</u>
3 boxes	<u>8.10</u>
4 boxes	<u>9.20</u>
5 boxes	<u>11.30</u>
6 boxes	<u>12.15</u>
7 boxes	<u>13.45</u>
8 boxes	<u>14.80</u>
9 or more boxes	<u>16.75</u>
Shipping—Boxes of 500	
1 box	<u>10.15</u>
2 or more boxes	<u>16.75</u>

*Special Services
Ancillary Services***1505.20 Stamped Cards**

1505.20.2 Prices

	(\$)
Single card	0.04
Double reply-paid card	0.08
Sheet of 40 cards (uncut)	1.60
Pack of 10 sheets of 4 cards each	1.70
Premium Options (Additional Charge)	(\$)
Per order of 250 cards	
Printing of return address	<u>20.25</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.05</u>
Monogram	<u>1.05</u>
4-Color logo – first 250 cards	<u>82.00</u>
4-Color logo – additional 250 cards	<u>5.10</u>
Per Order of 1,000 cards	
Printing of return address	<u>50.50</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.05</u>
Monogram	<u>2.05</u>
4-Color logo – first 1,000 cards	<u>87.00</u>
4-Color logo – additional 1,000 cards	<u>10.25</u>

*Special Services
International Ancillary Services***1510 International Ancillary Services****1510.1 International Certificate of Mailing**

1510.1.2 Prices*Individual Piece Prices*

	(\$)
Original certificate of mailing for listed pieces of ordinary Single-Piece First-Class Mail International items	<u>1.50</u>
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	<u>0.43</u>
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	<u>1.50</u>

Multiple Piece Prices

	(\$)
Up to 1,000 identical-weight pieces (one certificate for total number)	<u>8.75</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.09</u>
Duplicate copy	<u>1.50</u>

*Special Services
International Ancillary Services*

1510.3 International Return Receipt

1510.3.2 Prices

Outbound International Return Receipt Prices

	(\$)
Per Piece	<u>4.15</u>

Special Services
International Ancillary Services

1510.4 Customs Clearance and Delivery Fee

1510.4.2 Prices

	(\$)
Per Dutiable Item	<u>6.50</u>

*Special Services
Address Management Services***1515 Address Management Services**

1515.2 Prices

	(\$)
Address Sequencing	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	<u>0.48</u>
Insertion of blanks	0.00
AEC II Service	
1-100 records resolved, minimum fee	<u>35.00</u>
Additional records resolved, per record	<u>0.35</u>
AIS (Address Information System) Viewer (per year, per site)	
City State Delivery Type Retrieval Annual Subscription	<u>80.00*</u>
County Name Retrieval Annual Subscription	<u>80.00*</u>
Delivery Statistic Retrieval Annual Subscription	<u>105.00*</u>
ZIP + 4 Retrieval Annual Subscription	<u>80.00*</u>
CRIS Route (per year)	
Per state (annual subscription)	<u>55.00*</u>
All States (annual subscription)	<u>1000.00*</u>
CASS Certification	
Cycle Testing: (for next cycle) August-January	200.00
Cycle Testing: February, March	500.00
Cycle Testing: April	600.00
Cycle Testing: May	700.00
Cycle Testing: June	800.00
Cycle Testing: July	900.00
Cycle Testing: (for current cycle) After July 31 st	1000.00

*Special Services
Address Management Services*

	(\$)
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	<u>0.48</u>
Change-of-Address Customer Notification Letter Reprint	<u>55.00</u>
City State (per year)	
All States (annual subscription)	<u>415.00</u>
CDS (per address, per year)	<u>0.012</u>
Minimum (per year)	<u>60.00</u>
Correction of Address Lists	
Per submitted address	<u>0.48</u>
Minimum charge per list (30 items)	<u>14.40</u>
Delivery Statistics (per year)	
All States (annual subscription)	<u>415.00*</u>
DMM Labeling Lists	<u>65.00</u>
DPV System (per year) ³	<u>11,850.00</u>
DSF ² Service (per year) ⁴	<u>118,000.00</u>
Each additional location per year	<u>59,000.00</u>
Each additional platform per location per year	<u>59,000.00</u>
eLOT Service (per year)	
Per state (annual subscription)	<u>55.00*</u>
All States (annual subscription)	<u>1000.00*</u>

*Special Services
Address Management Services*

	(\$)
Five-Digit ZIP (per year)	
All States (annual subscription)	<u>590.00*</u>
LACSLink5	
Interface Developer (first year)	<u>1,175.00⁶</u>
Interface Developer (each one-year extension)	<u>370.00⁶</u>
Interface Distributor (per year)	<u>1,375.00⁷</u>
Data Distributor (per year)	<u>370.00</u>
End User (per year)	<u>370.00⁸</u>
MASS Certification	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	500.00 ⁹
Cycle Testing: July	1000.00 ⁹
Cycle Testing: (for current cycle) After July 31 st	1500.00 ¹⁰
MASS End-Users (MLOCR)	
Cycle Testing: (for next cycle) March – June	500.00 ⁹
Cycle Testing: July	1,000.00 ⁹
Cycle Testing: (current cycle) After July 31 st	1,500.00 ¹⁰
MASS Manufacturers (Encoder)	
Cycle Testing: (for next cycle) November – June	300.00 ⁹
Cycle Testing: July	750.00 ⁹
Cycle Testing: (for current cycle) After July 31 st	1,000.00 ¹⁰
MASS End-Users (Encoder)	
Cycle Testing: (for next cycle) March – June	300.00 ⁹
Cycle Testing: July	750.00 ⁹
Cycle Testing: After July 31 st	1,000.00 ¹⁰
MASS IMb Quality Testing	300.00

*Special Services
Address Management Services*

	(\$)
NCOA ^{Link} Service ¹¹	
Initial Interface Developer (first year fee)	<u>6,500.00</u>
Interface Developer (per each one year extension)	<u>1,250.00</u>
Interface Distributor (per year)	<u>31,300.00</u>
Full Service Provider (per year)	<u>220,000.00</u>
Full Service Provider Each Additional Site (per year)	<u>108,000.00</u>
Limited Service Provider (per year)	<u>18,600.00</u>
Limited Service Provider (per each one year extension)	
One Site only	<u>18,600.00</u>
Each additional site	<u>9,300.00</u>
ANKLink Service Option (per year)	
First Site	<u>4,350.00</u>
Each Additional Site	<u>2,000.00</u>
End User/MPE (first year)	<u>9,300.00</u>
End User/MPE (each renewal year)	
One site (each site for MPE)	<u>9,300.00</u>
Each additional site (End User only)	<u>4,350.00</u>
ANK ^{Link} Service Option (per year)	<u>955.00</u>
NCOA ^{Link} Test, Audit (each)	<u>1,250.00</u>
Official National Zone Charts (per year)	
Matrix	<u>65.00</u>
RDI Service (per year) ¹	<u>380.00</u>
Z4 Change (per year)	
All States	<u>3,600.00*</u>
ZIP + 4 Service (per year)	
Per state (annual subscription)	<u>55.00*</u>
All States (annual subscription)	<u>1000.00</u>

*Special Services
Address Management Services*

	(\$)
ZIP Code Sortation of Address Lists	
Per 1,000 addresses, or fraction	<u>150.00</u>
ZIP Move (per year)	
All States (annual subscription)	<u>120.00*</u>
99 Percent Accurate Method (per 1,000 addresses per year)	<u>1.20</u>
Minimum (per year)	<u>120.00</u>

Special Services
*Caller Services***1520 Caller Service**

1520.2 Prices

	(\$)
Groups based on Post Office location (Semi-Annual):	
Group 1	815.00
Group 2	755.00
Group 3	695.00
Group 4	655.00
Group 5	620.00
Group 6	575.00
Group 7	<u>550.00</u>
Call Number Reservation (Annual ¹)	<u>55.00</u>

Special Services
*International Business Reply Mail Service***1540 International Business Reply Mail Service**

1540.3 Prices

Outbound International Business Reply Mail Service Prices

	(\$)
Card	<u>1.50</u>
Envelope	<u>2.00</u>

*Special Services
Money Orders***1545 Money Orders**

1545.2 Prices

	(\$)		(\$)	(\$)
Domestic	0.01	to	500.00	1.25
Domestic	500.01	to	1,000.00	1.75
APO/FPO/DPO	0.01	to	1,000.00	0.45
Inquiry, including a copy of paid money order				<u>6.25</u>

*Special Services
Post Office Box Service***1550 Post Office Box Service**

1550.4 Prices

Regular and No Fee

Box Size	Semi-annual Fees ¹ (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E ²
1	57.00	45.00	38.00	32.00	28.00	23.00	<u>21.00</u>	0.00
2	84.00	69.00	56.00	46.00	38.00	32.00	<u>28.00</u>	0.00
3	145.00	117.00	97.00	75.00	60.00	47.00	<u>42.00</u>	0.00
4	265.00	220.00	178.00	137.00	104.00	76.00	<u>62.00</u>	0.00
5	416.00	344.00	281.00	236.00	168.00	133.00	<u>109.00</u>	0.00

Box Size	3-Month Fees (Groups based on Post Office location) (\$)						
	1	2	3	4	5	6	7
1	34.00	27.00	23.00	19.00	16.00	14.00	<u>13.00</u>
2	50.00	41.00	34.00	28.00	23.00	19.00	<u>17.00</u>
3	87.00	70.00	58.00	45.00	36.00	28.00	<u>26.00</u>
4	159.00	132.00	107.00	82.00	62.00	46.00	<u>37.00</u>
5	249.00	205.00	168.00	141.00	100.00	79.00	<u>64.00</u>

Ancillary Post Office Box Services

	(\$)
Key duplication or replacement	<u>8.00</u>
Lock replacement ¹	<u>23.00</u>
Key deposit	<u>4.00</u>

Special Services
*Customized Postage***1555** **Customized Postage**

1555.2 Prices

	(\$)
Annual Participation Fee (up to two printing facilities)	345,000.00
Additional Printing Sites (3-50 sites, each site)	58,000.00
Over 50 Printing Sites (each site)	5,800.00

Special Services
*Stamp Fulfillment Services***1560 Stamp Fulfillment Services**

1560.2 Prices

Orders mailed to domestic United States destinations	(\$)
Orders up to \$50.00	1.30 ¹ ; add <u>2.30</u> ² for custom orders
Orders over \$50.00	1.80 ¹ ; add <u>2.30</u> ² for custom orders
Orders mailed to destinations outside of domestic United States	(\$)
Orders up to \$50.00	6.85 add <u>2.30</u> ² for custom orders
Orders over \$50.00	7.35 add <u>2.30</u> ² for custom orders

3000**GLOSSARY OF TERMS AND CONDITIONS**

3019**R***Refund of Postage*

When postage and special service fees have been paid on mail for which no service is rendered for the postage or fees paid, or collected in excess of the lawful price, a refund may be made. There shall be no refund for Registered Mail, COD, and general insurance fees, or postage on items subject to the Overweight Item Charge, when the article is withdrawn by the mailer after acceptance. ~~In cases involving returned articles improperly accepted because of excess size or weight, a refund may be made.~~
